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ATLAS

PEARLS

celebrating 30 years

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Growing high quality pearls requires pristine oceans with healthy, robust ecosystems. Protecting the environment is not a promotional strategy, it's a business imperative.

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A message from the

Chairman

Dear fellow Shareholders, on behalf of the Board of Directors of Atlas Pearls Ltd I am pleased to present to you the Company's 2024 Annual Report.

FY24 was a year of significant achievements for the Company with sales in excess of \$41M, earnings (normalised EBITDA) of \$22.6M and payment of two special dividends: 0.35 cents per share in September 2023 and 1.5 cents per share in March 2024.

Pearl prices in H1 FY24 averaged a record high of AUD\$103/pce, softening in H2 FY24, realising an average of \$84/pce for the year. This annual average is still well above long-term levels. There are indications that the end-demand for pearls from China remains strong. The Company held back a proportion of the FY24 year's production, along with harvests late in FY24, for sales in FY25.

The quality of pearls harvested through the year remained below historic norms. However, with growing sophistication in the Company's selling and distribution arrangements, the Company has been successful in achieving better average prices for its products. Atlas Pearls placed an increasing emphasis on private sales to selected customers and, in a rising market, shifted the balance of auctions more towards physical sales events. Sales events, with goods offered simultaneously online and at physical auctions, will continue to have a role as an important check on strength of demand and market pricing.

In my FY23 Chairman's Address, I highlighted a number of areas on which we would focus to advance our prospects for long-term growth. Pleasingly, FY24 saw the Company make significant progress on a number of fronts including:

- Finalising the breeding matrix to identify the best matches between families while controlling in-breeding risks.
- Completing the appointment of new key personnel to fill some strategic gaps in the management team.
- Contracting to procure a new work vessel to improve productivity.
- Commencement of trials at Sumba for a new farm site.
- Documenting our extensive ESG program as a value proposition for potential investors and to better communicate to all stakeholders the considerable work we do within the communities where we operate.

It is also pleasing to report that the Company is in the best financial position for many years and has closed the financial year with cash of \$17.6M, finished goods held for sale of \$7.1M, and no debt.

The Board has again addressed capital management initiatives and has concluded that we are in the fortunate position of rewarding shareholders with franked dividends, which will provide a highly attractive yield against average share prices over the last 3-6 months. For the time being, and until we can get a clearer picture on longterm demand in pearl markets, these will be deemed to be special dividends.

Finally, I want to make special mention of our incredible team of employees and our loyal shareholders who have stuck with us through some really tough times over the past few years. It's been very heartening to us to be able to properly reward all of our stakeholders, and we look forward to continuing to do this through FY25.

Sincerely

Geoff Newman
Chairman – 29 August 2024

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CEO review of operations

Financially and operationally, it was a strong year with the number of pearls harvested exceeding 598k, up from 548k in FY23. Improved profits, with EBITDA at \$22.6M, up from \$9.8M in FY23 was a result of the strong market demand, where average pearl prices increased, especially in H1, to levels not seen for several years.

Total revenue for FY24 was \$41.7M vs FY23 \$27.2M, and pearls sold in FY24 were 477k, down from 584k in FY23. We had a large number of pearls harvested in late May and June that could not be graded ready for sale in FY24. Due to the timing of these late harvests, Atlas Pearls will carry closing stock of 224k pearls into FY25 (FY23: 100k). Net profit after tax for the year was \$31.5M, compared to \$9.1M in FY23.

The quality of pearls produced in the year improved from the prevailing levels observed in FY23, though remains below historic norms. Most of the improvement in FY24 occurred in H1 FY24, with harvest results in H2 being similar or marginally below the improved levels seen in H1. Based on positive results for a small number of pearls recently harvested and graded from certain genetic groups, and for which large volumes remain to be harvested in the coming months, we anticipate an upward trend in overall pearl quality in FY25.

As stated in last year's report we saw pricing increasing over the year and for FY24 we had prices achieved in H1 that were the highest seen for a number of years, driving the profit and cash results for the Company. In H2 we saw prices decline, from those in H1, but were still at levels that we would consider very good based on our current operating model.

With the strong profit result we concluded the year in a strong financial position, with cash in the bank of \$17.6M. We still have an overdraft facility to \$2.5M to provide us with working capital flexibility to better manage our sales cycles and to maximise opportunities, however we have not had to call on this overdraft in FY24.

In view of the EBITDA result and associated cash position for FY24, the Board has resolved to declare a special dividend of one cent per share (franked to 100%) and payable on 27 September 2024.

Atlas Pearls' performance over the year is attributable to the ongoing work and dedication of the entire team across all facets of the business. Their collective efforts were instrumental in executing the initiatives that we identified from an operational and sales perspective. We again held two impactful workshops in Sanur, convening senior leaders from operations, sales, and finance. These sessions were pivotal in engaging the leadership within the business and determining the strategic focal points essential for realising our operational budget goals. They also aligned with our longer-term growth strategy, which aims to amortise fixed overhead costs by increasing pearl production in the coming years.

SALES INITIATIVES

Atlas Pearls is committed to building and executing a strategy that positions us as a multi-channel distribution company that looks to maximise the value of every pearl that we grow and harvest. We have continued to sell pearls through our traditional channels of hybrid auctions in Kobe, Japan, loose pearls available online through our wholesale portal, and finished jewellery available online to wholesale and retail customers.

We have spent the past 24 months reconnecting with our wholesale customers, primarily within Australia, but also into Asia and Europe. Now that these relationships have been reinvigorated, we are focusing our efforts on the products we offer within these markets, particularly strands and pairs, where we can add significant value outside of the traditional auction channels. We are focused on growing this sales channel by extending our reach, developing new customer relationships, and developing product offerings that appeal to the market.

In FY24, we continued to re-open our farm retail showrooms with North Bali, Pungu Island, and Alyui now completed. Plans are underway to upgrade the North Bali showroom to deliver a flagship retail and pearling experience that will tell the Atlas Pearls story and take people on the sustainable journey of pearling. We have launched a new retail-focused website and have established new manufacturing partnerships to support moving forward with new designs and collections.

OPERATIONS INITIATIVES

Over the year, progress has been made in a series of pivotal refinements and strategic initiatives aimed at achieving improvement and consistency in pearl quality, and improving operational efficiency and productivity. They align with our long-term growth strategy and include:

HR AND SAFETY

During the year we reviewed our HR support services and completely revamped this area of the business by bringing in new leadership and additional support. The multi-year HR plan that has been developed is being executed. The plan elevates our responsiveness and support for the business, putting into place critical policies and procedures, and improving important areas such as succession planning, development and training, recruitment, and providing specialist support to our operational managers and staff across all sites.

We also conducted a safety review and accelerated our plans by hiring both external and internal candidates to ensure that safety receives the necessary day-to-day focus. We have greater capability in the business. Additional resources that were promoted from within the business, received first aid and specialised health and safety training (K3 modified course to get all new on-site safety officers to the same minimum level of knowledge and competency before we embark on a series of additional training courses and certifications), conducted further audits and ran additional simulations and training exercises, reviewed safety equipment, and upgraded and standardised our systems and processes.

We did, unfortunately, have a fatality by drowning on one of our farms late last year. An investigation was conducted by the Labour Department and the Police, as is standard practice in these circumstances, and the incident was declared an accident. The Company was found not to have been at fault, as we had provided training to those involved and they had the necessary PPE with them. We subsequently carried out a comprehensive review of the incident and, based on the findings, we have implemented targeted refresher training, and reinforced standard operating procedures related to water safety. We continue to support the affected family through scholarships and other forms of assistance, and are also providing ongoing support to staff at the location where the incident occurred.

We have also established an Emergency Response Team comprised of senior experienced managers. This team is on call and equipped with the guidelines and authority to respond to emergencies at any of our sites, whether they are natural (eg, earthquake, volcano, etc), environmental, or external threats.

GENETIC AUDIT

Commencing last year with the sampling and genetic sequencing of approximately 3,500 oysters, this initiative has now produced a breeding matrix to guide us in maximising the diversity of our broodstock by strategically optimising crosses on an individual basis. Since early in FY24, all production spawns will use the new breeding matrix to ensure our future shell populations retain sufficient genetic diversity, which has historically not been possible. During FY25, we will commence phase two of this project by establishing a founder population of oysters from the breeding matrix with optimal levels of genetic diversity across our existing oyster family groups. This founder population will be used as a cohort for focused selective breeding and other genetic

improvement measures, to produce oysters which are more robust to changing environmental conditions, suffer from lower mortalities, and produce higher quality pearls. This is very much a long-term strategic project, and benefits are expected to accrue over the medium to long term.

DATA CAPTURE AND IT SYSTEMS

The data capture project to centralise, in a cloud-hosted database, almost 250 unique data fields over the four-year life cycle of each production cohort, has now been completed and we are starting to use this information to make informed decisions going forward. We are now capturing real-time data at each farm, allowing enhanced live monitoring of each remote location's key production metrics.

During the year, we also completed the implementation of a new ERP system (Microsoft Dynamics 365 Business Central (BC)) which will integrate the finance systems for Australia and Indonesia onto one platform, enabling greater transparency and efficiency. It will also allow us to analyse sales data more effectively by having the retail stores use the system to record real-time information. This will allow us to incorporate sales data from BC, mine the information, and gain insights to make data driven decisions, thereby maximising our sales performance.

ESG/SUSTAINABILITY AND COMMUNITY ENGAGEMENT (CSR)

Atlas Pearls has a longstanding commitment to supporting the villages, local environment, and communities around our farms. Last year we embarked on the early stages of an ESG (Environmental, Social, and Governance)/sustainability initiative. In the current period, we had a project team performing significant work in this area, developing a Sustainability Roadmap and Framework for the business. The roadmap aligns all the company-wide projects and programs that we do in this area to ensure that we get maximum benefit for our employees, stakeholders, villages, and the environment in which we work. Our Sustainability Framework has been designed to be an important tool to measure what we do with achieving our environmental, social and governance visions.

We have aligned our framework with the Global Reporting Initiative Standard (GRI) to provide transparency and tangible measurable outcomes that adheres to the United Nations Sustainability Development Goals (SDG's) to ensure that we, as a company, are also keeping in step with global endeavours, and with the Indonesian initiatives around sustainability and environmental stewardship. We have included a small summary of the Sustainability Roadmap in the annual report and the full document can be found on our website at: www.atlaspearls.com.au/pages/sustainability.

We are very proud of our work in this area and the difference we are making, not only for our 1,200 employees in Indonesia, but also our stakeholders in the region.

NEW OPERATIONS VESSEL

Following Board approval, and subject to permits and approvals from the Indonesian Ministry of Fisheries and Maritime Affairs, we will commence construction of a steel vessel in H1 FY25 to replace one of our two major logistics and oyster transport vessels. As mentioned last year, this new vessel is designed to replace existing vessels used for transporting seeded shell from our hatcheries and nurseries to designated grow-out sites. In addition to transportation, the new vessel will facilitate on-board oyster

harvesting and seeding activities within an enhanced operating environment. It will also provide accommodations for our technical team, who travel between sites to perform crucial harvest and seeding operations. This investment underscores our commitment to leveraging technology for increased efficiency, operational excellence, and an enhanced working environment. Furthermore, it will reduce the capital intensity at new sites, as the mobile infrastructure can service multiple locations due to our staggered harvesting schedules. The new vessel will also feature a materially larger transport capacity than the vessel it replaces, to meet the growing shipment demands of our expansion plan.

NEW SITE DISCUSSIONS AND GROWTH PLAN

This new initiative was raised in last year's report, and we now have 25,000 oysters on lines in Sumba, with plans to increase to 50,000 oysters soon and over 100,000 oysters by the end of FY25. We anticipate conducting our first trial harvests of pearls in FY26 and, subject to results, we will continue to expand the site and the facilities over the next two years. Should the results from the trial in Sumba be unsatisfactory, the allotted expansion capital will be redirected to other existing sites with capacity for further growth.

Our medium-term growth plan includes expanding several of our existing sites. While the Sumba trial is an exciting opportunity, it is one component in a broader portfolio of growth initiatives and is not essential for us achieving our medium-term growth aspirations.

Additionally, we have recently completed the construction of a trial hatchery at our West Lembata site. This new hatchery aims to enhance geographic diversification of our hatchery network and increase the supply of oysters required for our growth plan. The first spawns from the trial hatchery are planned for Q1 FY25. If the results are positive, the facility will receive further investment to convert it to a permanent facility.

To mitigate risks and diversify production, we have also established a production sharing agreement with a trusted third party with unutilised productive capacity. This agreement is capital and operating expense-light and has the potential to boost our production at a lower cost. The initiative is currently in trial phase, with a decision to expand or wind it down expected to be made during FY25.

DIVERSIFICATION

To broaden the revenue base for the Company, and as announced to the market in June 2024 with the appointment of Ross Gordon as Chief Innovation Officer, the Company is exploring options for revenue diversification within our existing areas of expertise. As a leading pearl producer with a skilled aquaculture workforce, a comprehensive operational presence in Indonesia, and backed with strong government and community relationships, Atlas Pearls has several core competencies that could be applied to closely related aquaculture products. Throughout FY25, we will evaluate various diversification options, including both organic and inorganic opportunities. In assessing new opportunities, the Board will prioritise prudence, focus on near-term profitability and cash returns, and ensure that investment and growth plans for the core pearling business is not compromised.

30-YEAR ANNIVERSARY OF ATLAS PEARLS

Atlas Pearls' Indonesian operations are 30 years old, having being incorporated in October 1994. To mark this milestone, we will celebrate our 30th anniversary with events scheduled at each of our locations, together with our local staff and stakeholders. In consultation with our villages and stakeholders, we have discussed potential capital works programs to commemorate this achievement. Those programs will serve as a tangible symbol of our commitment to the communities we are part of, demonstrating our ongoing investment and integration into the fabric of the communities in which we operate. The projects will include a suite of school and medical clinic refurbishments, in addition to the installation of several wells to provide cleaner water access for local villages.

Ironically, the traditional 30th wedding anniversary gift is typically a pearl, symbolising the beauty and enduring value of the relationship.

We acknowledge the hard work and dedication from our management team and employees who have demonstrated exceptional commitment in executing the strategy into tangible actions, and deftly navigating periods of change. It is important to emphasise that Atlas Pearls thrives on a culture of continuous improvement and evolution, not just in terms of the perspective of our standard operating procedures related to our oysters, but also in how we view and measure the key aspects of our business.

As stated last year, our focus remains on the production and distribution of the highest quality, ethically produced, and luxurious pearls in the world. This focus is underpinned by our Vision and Mission:

OUR VISION

To be the global leader in the production of the world's finest South Sea pearls.

OUR MISSION

Producing the world's best South Sea pearls in a way that is sustainable, respectful, and caring of our environment, people, communities and shareholders.



Michael Ricci
CEO – 29 August 2024

■ Risk Management

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Atlas Pearls' approach to managing risk is documented in a Corporate Risk Register reviewed and approved by the Board of Directors. The risk register seeks to ensure that risk management is embedded throughout the business and managed in a structured and systematic manner. It is reviewed regularly by the Board and is evaluated and updated as the Company's business model evolves and underlying risks change.

The Board has overall responsibility for managing the organisation's risks, and monitors management's actions to ensure they are in line with Company policy. The following is a summary of the key continuing significant risks facing the business and the way in which Atlas Pearls manages these risks:

(I) CORPORATE

The Company manages a number of corporate risks such as safety, recruitment and retention of key employees, tax, foreign exchange, purchasing and procurement, potential lower than anticipated return on capital invested, and potential lower underlying earnings. All the aforementioned risks are managed through Atlas Pearls' risk management framework, which includes review and monitoring by management, and the Board.

(II) MATERIAL CONTRACTS

Atlas Pearls may enter into contracts with suppliers that exceed \$1M. Some of the key risks associated with these material contracts include cash flow management, contract management, performance and quality of the services being delivered, and reputation. Atlas Pearls manages these material contracts with steering committee reviews, operating reviews, and other strict project management practices.

External legal counsel may be involved. Atlas Pearls negotiates favourable payment terms and reviews financial risk to manage cash flow as effectively as possible.

(III) CONSUMER PREFERENCES AND PRICING RISK

Atlas Pearls has exposure to pricing risk in relation to the sale of pearls, specifically the weakening of customer demand resulting in the softening of pearl prices. This risk also encompasses the volatility from shifts in consumer preferences. To address these challenges, the Company has implemented a multi-channel sales approach that provides the ability to diversify market presence by creating alternative revenue streams. Additionally, the Company consistently monitors the market, staying attuned to shifts in customer preferences and price trends. By closely tracking these indicators, the Company can proactively adjust pricing strategy and sales and marketing efforts to align with evolving market conditions.

(IV) COMPETITION

To address the risk associated with market competition, Atlas Pearls has developed strategies on multiple fronts. The Company continuously invests in research and development activities, to maintain its reputation as a producer of quality pearls, and to innovate and differentiate products from competitors. Atlas Pearls prioritises maintaining strong relationships with customers, built on trust, quality, and excellence. Atlas Pearls maintains a pricing structure that takes into account market dynamics and competitive positioning. The Company also reviews and assesses industry trends and emerging competitors, allowing Atlas Pearls to proactively adapt strategies to remain one of the world's largest producers and distributor of South Sea pearls.

(V) OPERATIONAL RISK

Pearl quality is an ongoing risk to Atlas Pearls. The Company's proactive approach involves measures like reviewing seeding procedures and grow-out times, diversifying hatchery broodstock,

refining the hatchery spawning strategy, and genetic analysis of broodstock. These risks necessitate the Company applying continuous procedural control at every phase of spat and pearl production. Complementary initiatives encompass a genetics project, probiotics research, and broodstock conditioning. These strategies are closely monitored, with oyster growth and genetics reporting being actively tracked to ensure effective risk management aligned with the Company's broader risk framework.

(VI) COST CONTROLS, INFLATION, AND SUPPLY CHAIN CONSTRAINTS

Rising input costs and supply chain constraints have the potential to reduce profit margins where those costs cannot be recovered from customers. Significant input costs include labour, components and materials, and fuel. Atlas Pearls has the ability to recover costs through the selling price of pearls. The Company sources components and equipment from multiple suppliers and vendors, to secure the most competitive pricing on various input components. The Company employs centralised logistics and purchasing personnel to co-ordinate the movement of components and materials across the Company's pearl farms, and the pricing of those items. Senior management monitors the effectiveness of this process regularly.

(VII) POLITICAL, REGULATORY AND COMPLIANCE

Atlas Pearls is a global company and operates in numerous countries around the world. The Company must comply with a range of governance requirements which are conditions of its ASX listing. New or evolving regulations and international standards are outside the Company's control and can often be complex and difficult to predict. The potential development of international opportunities can be jeopardised by changes to fiscal or regulatory regimes, adverse changes to tax laws and the application thereof, or changes to existing political, judicial or administrative policies, and changing community expectations. Atlas Pearls seeks to manage and minimise this risk through its existing risk management framework including Board approved governance policies which are subject to regular review.

(VIII) ANTI-BRIBERY AND CORRUPTION

Atlas Pearls' business activities and operations are located in jurisdictions with varying degrees of political, economic and judicial stability, including an inherently high risk of bribery and corruption. This exposes Atlas Pearls to the risk of unauthorised payments, or offers of payments, to or by employees or agents that could be in violation of applicable anti-corruption laws. Atlas Pearls has a clear Anti-Bribery and Corruption Policy and internal controls and procedures to protect against such risks. However, there can be no assurances that such controls, policies and procedures will absolutely protect Atlas Pearls from potentially improper or criminal acts.

(IX) ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

Atlas Pearls has a longstanding commitment to supporting the villages, stakeholders, and communities around the Company's farms. Building on ongoing environmental initiatives, and in a conscious approach to building a sustainable business, the Board has begun the process of developing a reporting framework to manage and monitor the Company's ESG impact. The Company has aligned its framework with the Global Reporting Initiative Standard (GRI) to provide transparency and tangible measurable outcomes that adheres to the United Nations Sustainability Development Goals (SDG's) to ensure that we, as a company, are also keeping in step with global endeavours, and with the Indonesian initiatives around sustainability and environmental stewardship. The Sustainability Roadmap can be found on our website at: www.atlaspearls.com.au/pages/sustainability.

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About Atlas Pearls

Over the past 30 years, Atlas Pearls has become one of the world's largest producers and distributor of the highly sought-after, white and silver South Sea pearls.

Operating across eight farming locations throughout the South Seas, the Company employs more than 1,200 people and in 2024 harvested more than 598,000 pearls.

Atlas Pearls commenced farming in October 1994, with its first farm located in Kupang - East Nusa Tenggara and has since gone on to establish a total of eight farming sites. These locations stretch from the national parks of East Java and as far east as Alyui Bay, Raja Ampat.

Atlas Pearls operates on the fundamental principles of producing the most valued South Sea pearls through ethical, sustainable, and non-extractive processes whereby each pearl is direct from the source.

Through rigorous breeding programs, the Company is able to maintain a supply of healthy, genetically managed oyster stocks, which can then be transported to different farm sites where they grow into healthy mature oysters ready for pearl production.

The movement of oysters between farm sites also enables stock to be positioned in the best possible conditions for their growth and diversifies the risk from environmental and biological events.

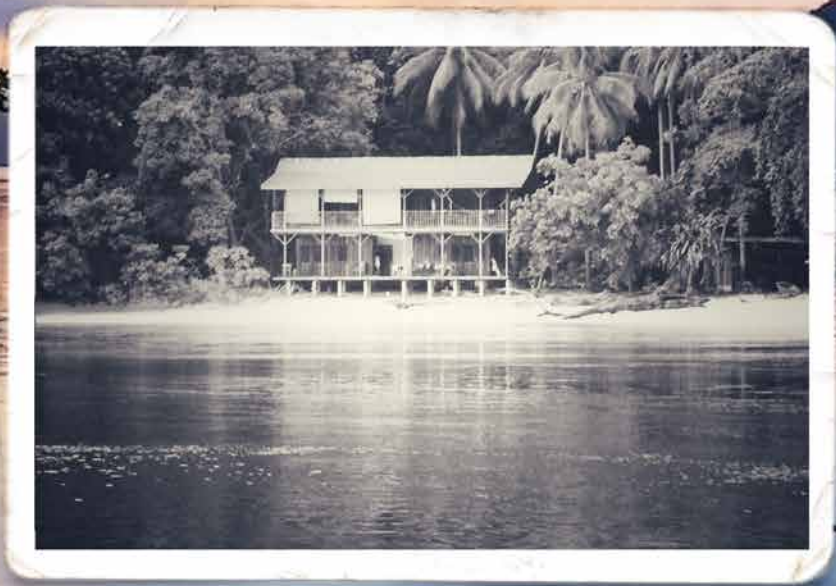
With oysters thriving in pristine waters, each farm site works tirelessly with staff and the local community to continuously improve and maintain the health of the oceans in which we operate. Through education and active participation in a range of environmental programs, benefits to both the pearls and local communities are observed.

Working across such great distance relies heavily on the support of our experienced workforce of more than 1,200 people. Each farming operation requires a dedicated team who work directly with the oysters from seeding, cleaning, maintaining, and harvesting, alongside operational staff who perform the roles of security, maintenance, engineering, catering, and administration. For many, these remote farm sites provide invaluable employment and training.

South Sea pearl farming is a delicate balance of nature and nurture as the Company continues to strive to supply the best quality pearls to the market, whilst leaving a positive environmental footprint.

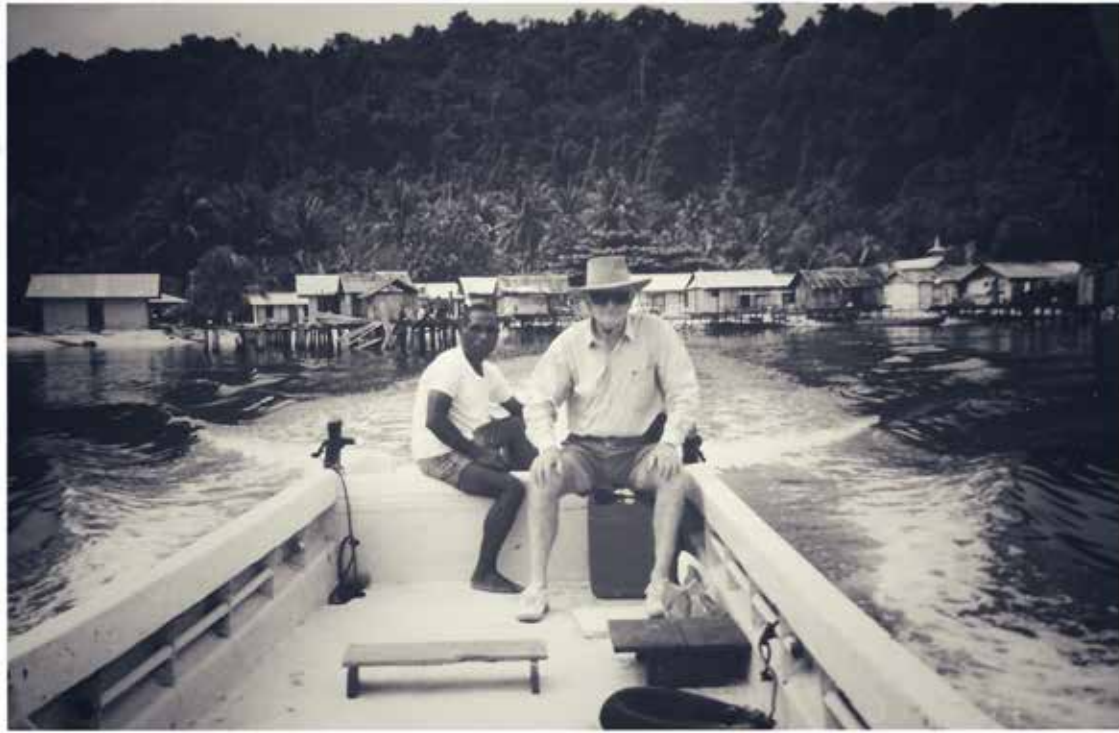
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Celebrating 30 years



*The Basecamp location in in Selpele village, Alyui Bay,
West Waigeo, Regency Raja Ampat, West Papua.*

A serendipitous encounter between investors in a Jakarta office sparked a lifelong friendship and the idea to pursue pearl culturing in Indonesia.



Alex Kerr and unknown person, Alyui

A serendipitous encounter between investors in a Jakarta office sparked a lifelong friendship and the idea to pursue pearl culturing in Indonesia. The resulting joint venture led to a risky investment in challenging and isolated regions and the emergence of one of the world's largest producers of South Sea pearls.

Indonesia; the land and waters of opportunity.

In 1970, Professor Alex Kerr, an Australian economist from Perth, was appointed as an expert in regional accounting in Indonesia. During his time working with various Indonesian regional universities and the Papua-New Guinea government, he was exposed to a whole new vista of under-development. He experienced dense jungle, rugged mountains and the colorful tribes of local villages.

As his appointments neared their end in the late 1980s, he decided to explore potential business opportunities and found himself becoming involved with water activities. Kerr partnered with three other Australians with various Indonesian connections—Ian Fisher, Adam Body, and Ian Murchison—to pursue maritime ventures, including a Bali marina and a prawn culture venture.

Despite these ventures ultimately ending due to challenges beyond their control, the team remained determined to explore business opportunities in Indonesia, a country with significant development potential.

Just like every pearl, all great ideas start with a seed.

It was in 1989 in a law office in Jakarta that Prof Alex Kerr, Ian Fisher, and Adam Body met, quite by chance, a much respected and retired Indonesian Naval Officer, Admiral Raden Panji Poernomo, (or Pak Poer as he preferred to be called). At this meeting, Pak Poer suggested they try their hand at pearl culture, something that he happened to have some first-hand knowledge of and saw great potential for developing.

This was the turning point that sent the group in a completely new direction.

The Indonesian archipelago held several sites favorable for producing pearls, but at the time no one was producing them to the high quality that Australian pearl producers could achieve. The group decided that if they could set up a completely independent pearl farm operation using the *Pinctada maxima* oysters, which could produce consistently high-quality South Sea pearls, they could compete as a major supplier in the international jewellery market. And that is exactly what they set out to do.

Pak Poer had an excellent working knowledge of marine ventures and was instrumental in helping establish the pearling operation. As a well-known and much-respected figure in the Indonesian marine industry, he was able to obtain oyster stock, government support, and industry advice that the Australian partners would have found difficult to access on their own.

With Pak Poer's help and substantial research from a marine biologist specialising in pearl culture, they found a suitable site to establish a pearl farm in Kupang, West Timor.

The Australian directors sought to establish a joint-venture operation by combining two Australian Companies; Nusantaqua Pty Ltd (set up by Kerr and associates), and Tansim (a subsidiary of Atlas Pacific Gold) with the Indonesian Company PT Perintis Ardindo Nusa (of which Pak Poer was President Director) to form a new company, PT Cendana Pearls. The vision was that under the name Atlas Pacific Gold, it could be listed on the Australian ASX and US Nasdaq stock exchanges.

The First Farm, Kupang.

Dr Peter Purchas, a New Zealand project manager and marine biologist, was appointed as project manager and along with his mentor Pak Job Rufus Salean, were charged with not just the production of oysters but also establishing the leases, infrastructure, and facilities required at the designated Kupang site from scratch.



The General Manager, Lucian Frederik Petersen, Admiral (Ret) R P Poernomo and local staff were in West Kupang, East Nusa Tenggara (1994)

There were language barriers, community and village relationships that had not yet been established, and bureaucratic red tape that had to be overcome before they could even start to work at the site.

They negotiated with local villagers to use their waters in return for work and training them in pearl farming. A lease location had been defined near to Kupang, West Timor in 1991 and Peter pursued the protocols to establish formal leases, commencing in 1992.

Peter recalls the challenges they met at the original Kupang site, not just the remote location in a foreign country, but a complete lack of buildings, facilities, equipment, or trained staff. The staff were local villagers trained from scratch on every detail, from how to grow oysters in sterile conditions, to creating long lines.

But against these challenges, Peter who had relocated his wife and young children to Kupang, persevered in establishing the first Australian-owned pearl oyster farm along with a successful hatchery in Indonesia, supported by a dedicated team of local staff. By 1993 he had successfully achieved their first goal of producing juvenile pearl oysters from broodstock and by 1994, a trial harvest had shown that he had successfully grown silver pearls from yellow oyster stock, through an experimental process of only transferring silver mantle tissue during seeding.

These successes were instrumental in positioning the company in a favorable position to then seek additional funding through listing.



Project Manager, Joseph James Uel Taylor and Director of Atlas Pacific Limited and Admiral (Ret) R P Poernomo at Alyui Bay, West Waigeo, Regency Raja Ampat, West Papua.



Professor Alex Kerr, Bapak R P Raditya, and Admiral (Ret) R P Poernomo aboard the cargo vessel D'ENTRECASTEAU



The Project Manager and marine biologist, Dr T Peter Purchas with Admiral (Ret) R P Poernomo at Kupang, 1993 - 1996.



The moment that the Governor Mayor General Army Herman Musakabe signed off the inscription stone and officially inaugurated a new joint venture company in Kupang.

Atlas Pacific, the first ASX-listed pearl company

Despite their successes, the project was running short of development money and a prospectus was drafted to raise much-needed funds for expansion.

The company changed its status to one of limited liability and its name to Atlas Pacific Limited, becoming the first ASX-listed company with the visionary objective of being an eco-pearling operation, providing the first-ever opportunity for the public to invest in a publicly owned pearl farm.

The founding principles of the company were anchored in sustainability. Rather than farming oysters from the wild and decimating wild stock, they sought to employ hatchery technology and become a non-extractive farming operation.

The first harvest

After several years of intensive research and experimentation, Atlas delivered its inaugural harvest of self-grown pearls in 1996, six years after its inception. The pearls produced were of outstanding quality in terms of shape, color, and skin characteristics, and bode well for the long-term future of the project.

Peter Purchas who had completed his initial contract with success, chose to move back to Perth with his young family. Joseph Taylor, who later completed a Ph.D. at the James Cook University in the study of the *Pinctada maxima*, was appointed as the new project manager in 1997. Prof Alex Kerr was appointed Chairman of the Board.

Rebels forced the farm to relocate

Around this time there was a movement for independence from Indonesia by a rebel group of East Timorese, and fighting had broken out against the Indonesian army forces. The rebels infiltrated West Timor and Atlas facilities were targeted; vehicles at the Kupang farm were damaged and staff threatened.

A swift decision was made to get out fast, for the safety of staff and the farm's longevity. Staff packed up the equipment and live shell in just a few days before transferring by boat to a more suitable site further north.

The boat left Kupang on August 24, 1997, with a crew and just 12 staff on board. Loaded with basic food, supplies, and the essential equipment needed to establish a new farm, they set sail on an adventure to a new home, putting their trust in the hands of Farm Manager Joseph Taylor.

The crew suffered seasickness, and at one point the boat engines failed and the boat drifted for some time before repairs could be made. The journey took 12 days at sea but they finally arrived at Alyui Bay on 5 September 1997.

Arriving in paradise, Alyui Bay

Sugiwati Ndolu, was one of the staff on board the boat and recalls her amazement at how beautiful the bay was, "In front of me was a breathtaking place, so beautiful that I was moved. Among us, we looked at each other in amazement, asking, "Are we still on Earth?" We saw a vast expanse of rocky mountains (islands) covered in green trees. It didn't take long for the boat to be met by local villagers and engage in negotiations for acceptance at the area.

Staff set to work the day they arrived, creating lines, unpacking supplies, and hacking through the dense jungle to set up tents. It was an environment where everyone just did what they could to make things work and it proved successful. Soon more help and staff arrived to build the farm site, accommodation, and hatchery.

The Alyui Bay farm remains one of Atlas' prime farm locations with a complete hatchery-to-harvest operation. A remote but beautiful location that welcomes visitors touring the region, educating them on the pearl farm operation and the connections with the local community and environment.

To this day, Ibu Sugi works at the Alyui Bay farm as a senior pearl technician, training staff.

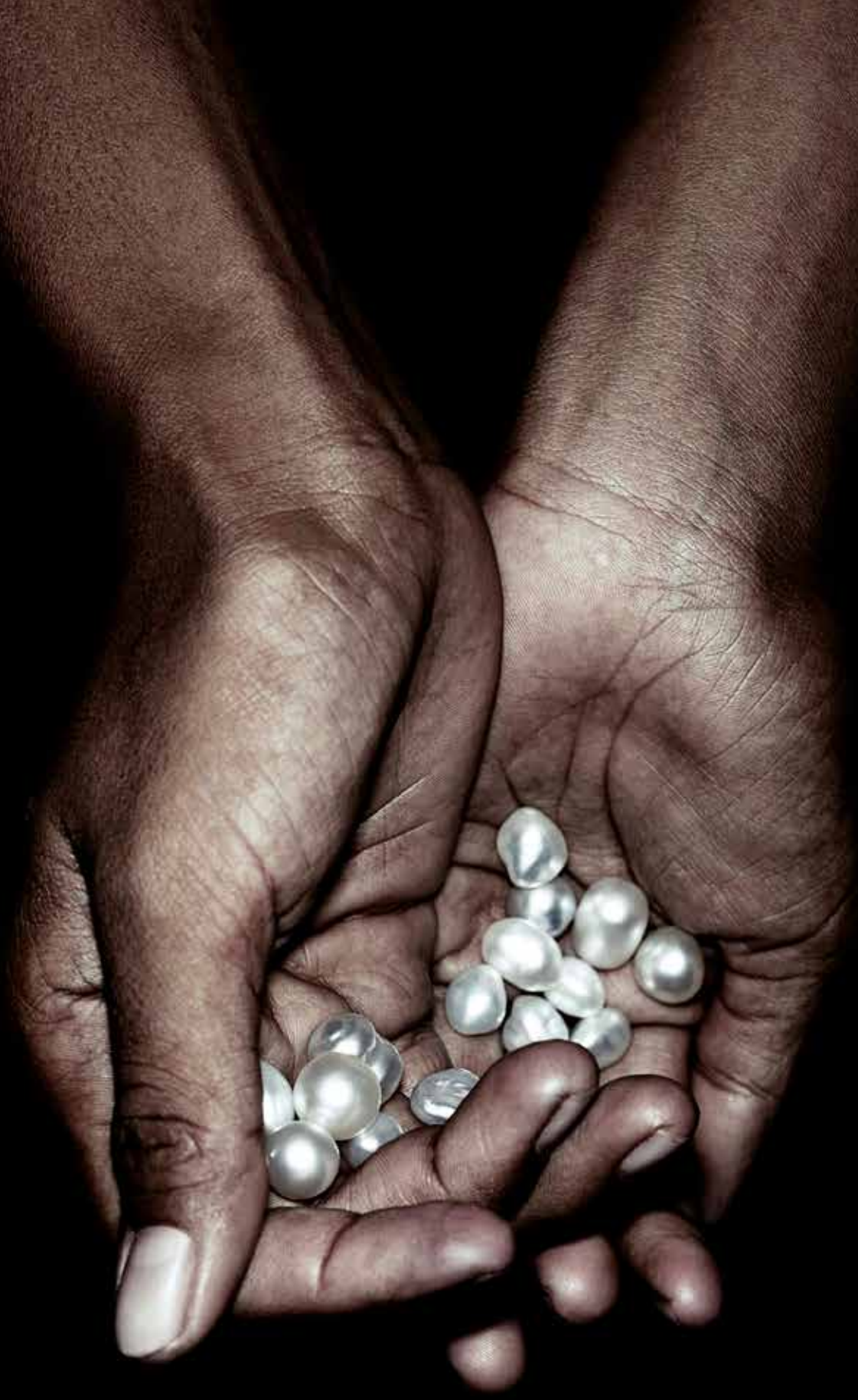
Alek Kerr retired from the board in 2003.

"As I bowed out of the pearl industry in 2003, sorry to say goodbye to my industry friends forged over the formative years, I did so with a strong sense of loss accompanied by pride at our achievement, having seen the company grow from an idea in our minds to a successful company producing pearls of recognised international quality." - Extract from Professor Alexander McBride Kerr AM HonDEC (UWA) Memoirs.

Special Thanks . We would like thank the people who have contributed to this story including the family of Prof. Alex Kerr, Bapak Raden Panji Raditya (Director of PT Cendana Indopearls and son of Admiral Poernomo), Dr T. Peter G. Purchas, and Ibu Sugiwati Ndolu for sharing their personal stories, memoirs and photos.

While every attempt has been made to ensure the accuracy of the dates and details contained in these stories, we acknowledge there were many people involved in shaping Atlas Pearls who have not been individually mentioned herein, but have contributed to making the company what it is today.

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Our Sustainability Framework integrates our CSR goals, philosophies & values with the quantifiable approach of ESG reporting.

Atlas Pearls has a longstanding commitment through our sustainability programs to support local communities and maintain strong relationships with all of our stakeholders. Building on our existing sustainability efforts with the aim of improving transparency and monitoring our operational impacts on the environment and local communities, we have established formal sustainability management and reporting processes.

To achieve this we undertook a process of engagement with internal and external stakeholders to understand the topics of importance and relevance to our business. Through this process, we identified several key Environmental, Social and Governance (ESG) topics of priority to our stakeholders. These topics helped form the foundation and structure of our sustainability program moving forward and will provide clear topics for data collection and reporting into the future.




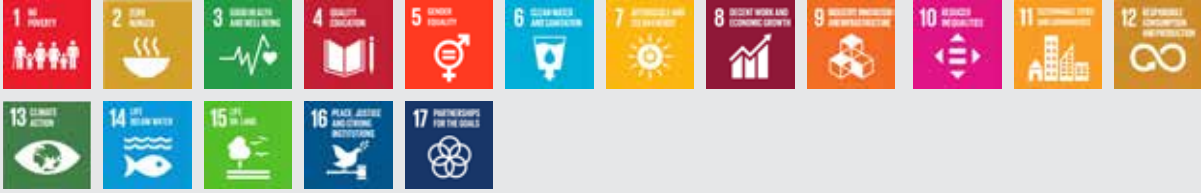
Our Sustainability framework has been designed as an important tool to align and structure our projects and programs with achieving our long-term environmental, social and governance visions.

GRI reporting standards enable us to provide transparent and tangible data and a connection with the United Nations, Sustainability Development Goals (SDG's) to ensure we as a company are aligned with a global endeavor for sustainability.

Over the past 10 years we have reduced the litres of fuel consumed per pearl harvested by over 40% from 5L/pearl to 2.5L/pearl harvested.

Environmental sustainability goals.

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SUSTAINABILITY FRAMEWORK			
FOCUS	 ENVIRONMENT	 SOCIAL	 GOVERNANCE
VISION	Protect and enhance the environments we work within for future generations.	Building, caring & respecting the people, communities & cultures we operate within.	Business operations & processes that are ethical, lawful, transparent & fair.
GOALS	<ol style="list-style-type: none"> Protect, rehabilitate and conserve all aspects of the environments we operate within. Implement innovative ideas and technology to continually improve the way we operate our business to reduce our environmental impact. Create awareness, transparency and education about the materials we consume across our value chain. 	<ol style="list-style-type: none"> Enable access to meaningful education and training for employees and local communities. Ensuring fair and equitable employment, diversity, working conditions, and human rights. Prioritise the safety and health of our people, their families and the communities we work within. Support and preserve indigenous culture, language and way of life. 	<ol style="list-style-type: none"> Abide by and respect the local laws, regulations and processes. Identify, manage and minimise business risks to protect the people, environment and business. Maximise the success of what we do through stakeholder engagement.
EXAMPLES OF IMPACT PROJECTS	<ul style="list-style-type: none"> Beach cleans Bee colony rehabilitation Mangrove planting Iron wood planting Turtle protection Marine protection no fishing zones Bricks from recycled materials Pyrolysis machine Plastic to Planks project 	<ul style="list-style-type: none"> Mutiara Kids English program Atlas Pearls English Course Perfect Fit - period project Supporting local economy Community food donations Cultural preservation - weaving Cultural preservation - language Maternal health Elderly health Educational scholarships Community infrastructure projects 	<ul style="list-style-type: none"> International tax agreement Anti Corruption & Bribery policy Corporate Governance Employment opportunities Employment standards Meeting legal and regulatory requirements Supporting local economy
GRI* REPORTING	<div style="display: flex; justify-content: space-between;"> <div>GRI 205 Anti-Corruption</div> <div>GRI 301 Materials</div> <div>GRI 302 Energy</div> <div>GRI 304 Biodiversity</div> <div>GRI 305 Emissions</div> <div>GRI 306 Effluents & Waste</div> <div>GRI 401 Employment</div> <div>GRI 402 Labour Relations</div> <div>GRI 403 Health & Safety</div> <div>GRI 404 Training & Education</div> <div>GRI 405 Diversity & Equal opportunity</div> <div>GRI 413 Local Communities</div> </div>		
UN SDG'S**			

* As our material topics covered a variety of issues with a focus on the social and community context, the Global Reporting Initiative (GRI) Standard was deemed the most appropriate sustainability framework to report against.

** United Nations, Sustainability Development Goals.

Environment

Our Environmental Vision: Striving to protect and enhance the environments we work in for future generations.

Part of our commitment to high environmental standards is to identify and report our impact on the environment. Through this process, we hope to identify areas where we can avoid or minimise any negative impacts by either changing our operational processes or implementing policies to better manage our impact on the environment.

The success of our operations depends on marine environments that are highly sensitive to climate change impacts, such as ocean acidification and increasing ocean temperatures, making us reliant on global efforts to reduce emissions.

Understanding the amount of energy we consume and the energy sources we use can help us identify areas where energy efficiency could be improved and potential pathways for reducing the organisation's environmental footprint. Identifying key sources of energy can also help in assessing our dependence on certain fuels and identifying and addressing any supply risk issues and the impact they might have on the productivity and resilience of our operations.

We have identified the following four key environmental goals that we will strive to align our sustainability impact projects towards achieving:

1. Protect, rehabilitate and conserve all aspects of the environments we operate within.
2. Implement innovative ideas and technology to continually improve the way we operate our business to reduce our environmental impact.
3. Create awareness, transparency and education about the materials we consume across our value chain.

Social

Our Vision for Social sustainability: Building, caring and respecting the people, communities and cultures we operate within.

As a business situated in some of Indonesia's most remote regions, we deeply value our collaboration with the local communities. Our pearl farms wouldn't thrive without their presence and support. It is our priority to establish genuine connections and maintain open lines of communication to incorporate the needs and values of these communities and individuals into our organisational ethos. Through nurturing authentic relationships, our aim is to cultivate a harmonious culture that embraces the rich diversity of perspectives within our community.

Atlas Pearls operates in remote regions where we often serve as the primary employer, deeply ingrained within the communities we operate. This integration is reflected in our employment and training practices, as well as our targeted community engagements. Each of our sites tailors its approach to community

involvement to prioritise the specific needs of those communities. This includes various training and safety initiatives, provision of essential resources, access to medical services, financial support towards education, material and labour support for community infrastructure, repair and building of new facilities, as well as supporting local businesses and the economy.

We have consolidated our social sustainability focus on the following key goals:

1. Enable access to meaningful education and training for employees and local communities.
2. Ensuring fair and equitable employment, diversity, working conditions, and human rights.
3. Prioritise the safety and health of our people, their families and the communities we work within.
4. Support and preserve indigenous culture, language and way of life.

Atlas Pearls implemented the world's first Bilateral Advanced Pricing Arrangement (APA) between Indonesia & Australia, ensuring the fair and transparent tax treatment of international transactions.

Governance sustainability goals.

Governance

Our Vision for sustainability through Governance: Delivering business operations and processes that are ethical, lawful, transparent, and fair.




Our policies, procedures, and approach to governance are guided by our Corporate Governance Plan and detailed in our annual Corporate Governance Statements. These statements outline our method for assessing environmental and social risks and ensuring they are effectively managed by the Board.

We have identified the following three key governance goals that we will strive to align our sustainability impact projects towards achieving:

1. Abide by and respect the local laws, regulations and processes.
2. Identify, manage and minimise business risks to protect the people, environment and business.
3. Maximise the success of what we do through stakeholder engagement.

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South Sea pearl farming offers a number of benefits distinguishing pearls from other gemstones as an authentic, sustainable, & environmentally beneficial product.

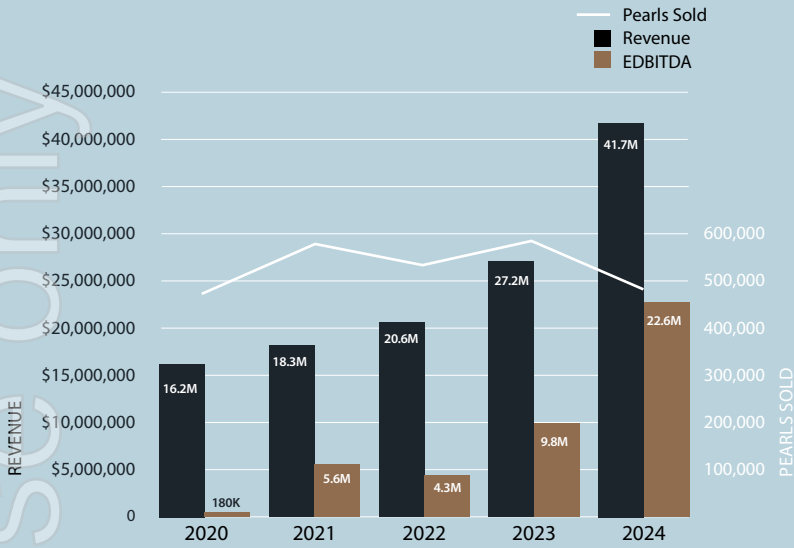
 <p>WATER QUALITY</p>	 <p>HABITAT & BIODIVERSITY</p>	 <p>CLIMATE CHANGE</p>
<p>WATER FILTERING</p> <p>Oysters feed by filtering algae from their surrounding water, ultimately removing nutrients, which, in excess, can degrade the ocean environment.</p> <p>For example: A farm of 40,000 individual adults turns over more than 2 million L (nearly one Olympic sized swimming pool (every hour). <small>(source: The Nature Conservancy)</small></p> <p>REMOVING NITROGEN</p> <p>Nitrogen is vital for many organisms but too much nitrogen can cause algae blooms which deplete the ocean of the oxygen needed by ocean animals and plants to survive. Oysters are efficient in removing excess nitrogen from water by incorporating it into their shells and tissue as they grow.</p> <p>For example: 1,000 kilos of oysters can remove 10kg of nitrogen, 0.5kg of phosphorous and 0.7kg of heavy metals from the environment. <small>(source: The Nature Conservancy)</small></p>	<p>PROTECTED HABITATS</p> <p>Pearl farms become in effect ocean sanctuaries, providing habitat for spawning and life for marine flora and fauna. Protected from detrimental activities and pollution, ocean life in these areas thrives, thus increasing animal populations where overfishing has depleted some species.</p> <p>BIO INDICATORS</p> <p>Oysters serve as 'bio indicators' through the process of filtration reacting to changes in their environment such as water temperature, salinity, and oxygen levels.</p> <p>Oysters effectively monitor the health of their natural ecosystem and reflect positive and negative changes of their surroundings.</p>	<p>GREENHOUSE GASES</p> <p>Oyster farming is one of the few categories of farming which does not require the production of food supplies, use of antibiotics, and the animal itself does not produce methane through its digestive process.</p> <p>Oyster farming is seen as a climate-positive industry within sustainable aquaculture, requiring zero supplementary feeding and little to no waste. <small>(source: OceanWatch Australia)</small></p> <p>CARBON SEQUESTERING</p> <p>Oysters extract carbon ions from seawater to build their shells and grow their pearls, in a process called calcification. A single oyster can filter and process up to 190 litres of water each day, effectively sequestering carbon within their shell structures. <small>(source: World Wildlife Fund)</small></p>

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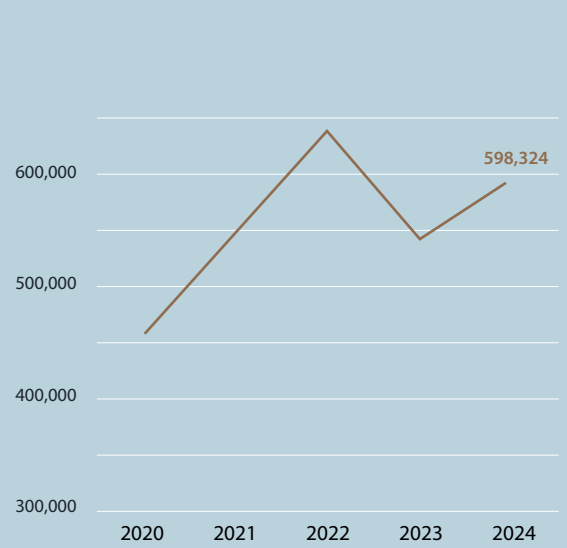
Financial Report

FY24 Highlights

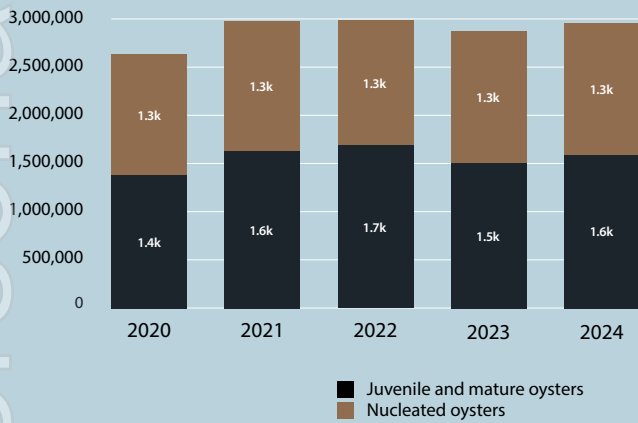
Annual Revenue and EBITDA



Oysters Harvested FY24



Total Number of Oysters

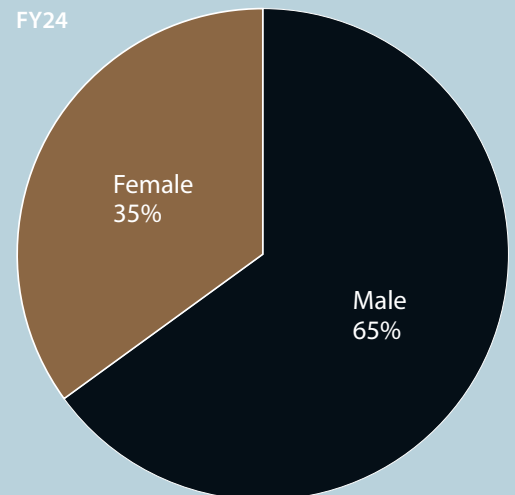


Total Revenue
\$41.7M

EBITDA
\$22.6M

The salary ratio between woman and men was 1.10, due to the proportion of women in higher paying, senior management and specialist roles across our Indonesian operations.

Gender Ratio FY24



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Summary of fiscal indicators

	30 JUNE 24 \$'000	30 JUNE 23 \$'000
Revenue from contracts with customers	41,706	27,200
Net profit after tax	31,469	9,088
Normalised EBITDA ¹	22,633	9,805
Normalised EBITDA margin	54%	36%
Basic EPS (cents)	7.37	2.14
Cash and cash equivalents	17,623	7,845
Assets	69,853	40,066
NTA	55,516	34,084
NTA per share (cents)	12.8	8.0
Shareholder funds	55,516	34,084
Number of shares on issue (million)	433.6	427.9
Share price at year end (cents)	9.1	4.2

Notes:

1. Atlas Pearl's uses 'normalised EBITDA' to comment on its financial performance and is used internally to evaluate performance. Normalised EBITDA is a non-IFRS financial measure and is not audited. Refer to note 5.1 of the Director's Report for a reconciliation to statutory earnings.

Directors' Report

The Directors present their report on the consolidated entity consisting of Atlas Pearls Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2024. Referred to hereafter as, the Company, Atlas Pearls, or the Group.

1. Directors

The following were Directors of Atlas Pearls for all of the financial year and up to the date of this report.

GEOFFREY (Geoff) NEWMAN

CHAIRMAN | BEc (Hons), MBA, FCPA, FAICD

Geoff has more than 30 years' experience in finance, marketing, and general management roles within the resources sector.

In 1995, after managing Bunnings Pulpwood operations, he joined Coogee Chemicals Pty Ltd as Commercial Manager and was appointed to the Board as Finance Director the following year.

Until August 2005, Geoff was Finance Director/Chief Financial Officer and Company Secretary of both Coogee Chemicals Pty Ltd and its oil and gas subsidiary, Coogee Resources Pty Ltd, before retiring from the Coogee Group in June 2006.

Appointments:

Chairman -	13/07/2022
Executive Chairman -	1/10/2019
Chairman -	16/02/2015
Director -	15/10/2010

Special responsibilities: Chairman of the Board

Former directorships (last 3 years): None

Interests in shares: 5,115,835 ordinary shares

Interests in options: None

Contractual rights to shares: None

CADELL BUSS

INDEPENDENT NON-EXECUTIVE DIRECTOR | MBA, MPM, GAICD

Cadell is a multi-industry senior executive with over 20 years' experience locally and internationally in marketing, project development, and equity capital markets.

Cadell was the CEO of Western Australia's longest-serving stockbroking firm, DJ Carmichael, and has consulted to a number of ASX-listed companies with African-based assets. Cadell was previously Project and Finance Director with Luso Global Mining, an angel investor to African-based mining and exploration companies. Cadell is also the founder and Managing Director of Chilwa Minerals Limited (ASX: CHW).

Cadell has a Masters's degree in Project Management and an MBA from Murdoch University, Perth, and is a graduate of the Australian Institute of Company Directors.

Appointments: Director - 01/02/2018

Special responsibilities: None

Former directorships (last 3 years): Managing Director of Chilwa Minerals Limited (appointed 01/02/2022)

Interests in shares: 1,427 385 ordinary shares

Interests in options: None

Contractual rights to shares: None

TIMOTHY (Tim) MARTIN

NON-EXECUTIVE DIRECTOR | BA, MBA, GAICD

Tim has been an executive manager at Coogee Chemicals Pty Ltd since 2005. He held the position of Managing Director from 2012 - 2015 and was appointed Executive Chairman in July 2015.

Prior to working at Coogee, Tim worked in management roles within the packaged food manufacturing sector, supplying to national supermarket chains, and has ongoing interests in commercial property development.

In 2013, Tim graduated from Harvard University, completing their OPM (Owner/President Management) Program.

Tim is a former Director of the Plastics and Chemicals Industries Association (PACIA) and a former Director of the Kwinana Industries Council.

Appointments: Director - 04/02/2013

Special responsibilities: None

Former directorships (last 3 years): None

Interests in shares: 105,033,931 ordinary shares

Interests in options: None

Contractual rights to shares: None

JOSÉ MARTINS

INDEPENDENT NON-EXECUTIVE DIRECTOR | BAcc, GAICD

José is a highly regarded finance executive with over 25 years' experience in the management of public and private companies. He has previously held CFO roles with Macmahon Holdings Limited, Ausdrill Limited (now part of Perenti), and Alliance Mining Commodities Limited.

José qualified as a Chartered Accountant in South Africa and holds a Bachelor of Accountancy (with distinction) from the University of Witwatersrand, Johannesburg, and is a graduate of the Australian Institute of Company Directors.

Appointments: Director - 17/05/2023

Special responsibilities: None

Former directorships (last 3 years): Non-Executive Director of GenusPlus Group Limited (appointed 03/01/2018)

Interests in shares: 500,000 ordinary shares

Interests in options: None

Contractual rights to shares: None

2. Company Secretary

SUSAN PARK

COMPANY SECRETARY | BCom, ACA, F Fin, FGIA, FCG, GAICD

Susan has over 25 years of experience in the corporate finance sector. She is the founder and Managing Director of the consulting firm Park Advisory, which specialises in the provision of corporate governance and company secretarial advice to ASX-listed companies and has held senior executive roles at Ernst & Young and PricewaterhouseCoopers in the Corporate Finance divisions

and at Bankwest in the Strategy and Ventures division. Susan holds a Bachelor of Commerce from the University of Western Australia, majoring in Accounting and Finance, she is a Member of the Chartered Accountants Australia and New Zealand, a Fellow of the Financial Services Institute of Australasia and a graduate Member of the Australian Institute of Company Directors. She is also a Fellow of the Governance Institute of Australia and the Chartered Governance Institute.

Appointments: Company Secretary - 19/12/2012
Special responsibilities: None
Former directorships (last 3 years): None
Interests in shares: None
Interests in options: None
Contractual rights to shares: None

3. Principal activities

3.1 PRINCIPAL ACTIVITIES

Atlas Pearls produces South Sea pearls, with pearling operations located throughout Indonesia (refer 3.2). Pearls produced are sold through a multi-faceted distribution network. No significant changes in the nature of Atlas Pearls principal activities occurred during the year ended 30 June 2024.

3.2 ABOUT ATLAS PEARLS

Over the past 30 years Atlas Pearls has become one of the world's largest producers of the highly sought after white and silver South Sea pearls. Operating across eight farming locations throughout the South Seas and employing more than 1,200 people, the Company harvested 598,324 pearls this year (30 June 2023: 547,755 pearls).



4. Directors' meetings

The attendance at meetings of the Company's Directors, including meetings of committees of Directors, is shown below:

Director	Period	Directors' meetings	
		Meetings held whilst in office	Attended
Geoff Newman	1 July 23 - 30 June 24	5	5
Tim Martin	1 July 23 - 30 June 24	5	5
Cadell Buss	1 July 23 - 30 June 24	5	5
José Martins	1 July 23 - 30 June 24	5	5

5. Financial review

5.1 SHAREHOLDER RETURNS

	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Net profit after tax	31,469	9,088	4,592
Basic EPS (cents)	7.37	2.14	1.08
Dividends paid	8,002	Nil	Nil
Dividends paid per share (cents)	1.85	Nil	Nil

The adjustments from net profit after tax to arrive at the reported normalised EBITDA for these years are shown below:

	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Net profit after tax	31,469	9,088	4,592
Tax expense	8,343	626	836
Interest expense / (income)	(262)	60	238
Depreciation / amortisation	322	291	312
Net foreign exchange loss	156	382	612
Agriculture standard revaluation (gain)	(17,395)	(641)	(2,336)
Other non-operating (income) / expenses	-	(1)	-
Normalised EBITDA	22,633	9,805	4,254

5.2 FINANCIAL POSITION

	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Total assets	69,853	40,066	31,516
Debt (current and non-current)	-	-	(1,125)
Total liabilities	(14,338)	(5,982)	(7,141)
Shareholder funds / net assets	55,515	34,084	24,375
Debt / shareholder funds	-	-	5%
Number of shares on issue (million)	433.6	427.9	427.9
Net tangible assets per share (cents)	12.8	8.0	5.7
Share price at reporting date (cents)	9.1	4.2	3.6

There has been an increase in the net assets of the Group of \$21.4M in the year ended 30 June 2024 (30 June 2023: \$9.7M increase).

5.2.1 OPERATING RESULTS

The Company is pleased to announce a net profit after tax of \$31.5M (30 June 2023: \$9.1M) and a reported inflow of cash from operating activities for the year ended 30 June 2024 of \$20.7M (30 June 2023: \$8.4M).

Atlas Pearls continued evolving its sales distribution plan, learning from each sales event and enhancing the current strategy to meet its customer's needs, ensuring each pearl is reaching its potential.

At an operational level, the farms continue to work assiduously to ensure oyster health is optimised. The passion and dedication shown by all employees translate to beautiful, coveted South Sea pearls.

The operating revenue for the year ended 30 June 2024 was \$41.7M (30 June 2023: \$27.2M), an increase of \$14.5M. Administration, finance, and marketing expenses were \$9.2M (30 June 2023: \$6.5M), an increase of \$2.7M.

5.2.2 REVIEW OF OPERATIONS

5.2.2.1 PEARLING

The Company harvested 598,324 pearls during the year ended 30 June 2024 (30 June 2023: 547,755).

The quality of pearls produced in the year improved from the prevailing levels seen in FY23, however it remains below recent highs of FY22. Most of the improvement in FY24 occurred in H1 FY24, with harvest results in H2 being similar or marginally below the improved levels seen in H1. Based on positive results for a small number of pearls recently harvested and graded from certain genetic groups, and for which large volumes remain to be harvested in the coming months, we anticipate an upward trend in overall pearl quality in FY25.

5.2.2.2 PEARLING VALUE ADDED

Atlas Pearls continues to review and refine its sales strategy with the core objective of ensuring each pearl achieves maximum return. This strategy involves directing pearls through different sales channels whilst also being available online to reach customers globally. This hybrid approach achieves not only reach but competitive tension across the different markets. The Company will continually review and refine to adapt to changing markets.

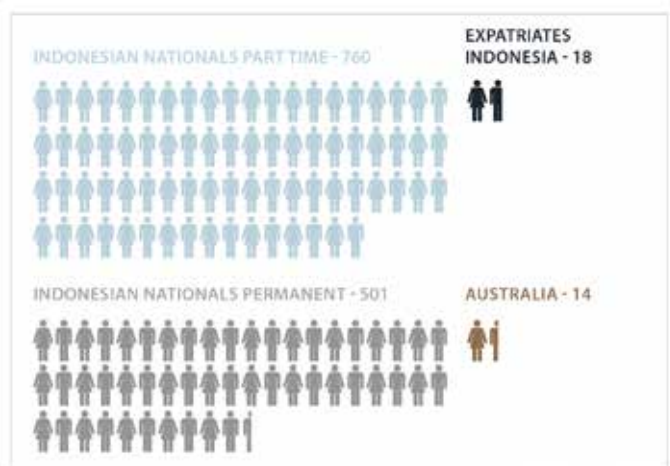
For a detailed review of operations please refer to the CEO's review of operations on page 5.

5.2.3 AUDIT OPINION

The financial report has been audited independently and received an unmodified opinion. Refer to page 35 for the Independent Auditors Report and page 64 onwards for the Auditors Opinion.

5.2.4 PERSONNEL

Staff numbers at the end of the year were as follows:



6. Dividends

In view of the positive earnings reported for the year ended 30 June 2024, the Board has resolved to declare a special dividend of 1.0 cent per share (franked to 100%). Dividends of \$8.0M (totalling 1.85 cents per share) were paid during the year ended 30 June 2024.

The Board has not formulated a dividend policy due to the inherent uncertainties of aquaculture, the need to fund future operating costs between sales events, and the cyclical swings typical in the luxury goods market. The Board will continue to evaluate a dividend policy, however the payment of special dividends will be the preferred policy, as and when favourable market circumstances allow.

Key dates:

- Record date for determining entitlement to special dividend: 13 September 2024
- Date the special dividend is payable: 27 September 2024

7. Events since the end of the financial year

On 29 August 2024, the Company declared a final fully franked special dividend of 1.0 cent per share. The total value of the payment is \$4.4M. The record date is 13 September 2024 with a payment date of 27 September 2024.

Other than the matters disclosed above, there have been no other significant events after balance date which require disclosure.

8. Likely developments and expected results of operations

The Company endeavours to host oysters in optimal growing locations whilst creating diversification for risk mitigation.

The Company remains committed to the multi-faceted approach to the distribution of the pearls, with the plan to continue increasing customer reach.

9. Directors' interests

The relevant interest of each current Director in the share capital of the Company, as notified by the Directors to the Australian Securities Exchange in accordance with S205G (1) of the Corporations Act 2001, at the date of this report, are detailed in Section 1 of this report.

10. Options

During the year ended 30 June 2024, 4,000,000 unquoted options were issued (30 June 2023: nil) pursuant to the Atlas Pearls Ltd Employee Share and Incentive Plan.

Refer to note 22.2 for further information.

11. Indemnification and insurance of Directors and officers

11.1 INDEMNIFICATION

The Company has agreed to indemnify all current and former Directors and officers of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors and officers of the Company, except where the liability arises out of conduct which involves negligence, default, breach of duty, or a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

11.2 INSURANCE PREMIUMS

During the financial year the Company has paid insurance premiums of \$34,906 (30 June 2023: \$33,244) in respect of Directors' and officers' liability and legal expenses insurance for current and former Directors and officers.

12. Audit and non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor (BDO) for audit and non-audit services provided during the period are set out below.

The Board of Directors is satisfied that the provision of non-audit services during the period is compatible with general standards of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor independence requirements of the Corporations Act 2001. The nature of the service or services provided do not compromise the general principles relating to auditor independence because they relate to tax advice in relation to compliance issues and review of the tax provisions prepared by the Company. None of the services undermine the general principles relating to auditor independence as set out in *(APES 110 Code of Ethics for Professional Accountants)*.

The following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms during the year ended 30 June:

	30 June 2024 \$	30 June 2023 \$
BDO Australian Firm		
Audit and review of financial reports	134,370	119,710
ESG consulting services	-	16,995
BDO Indonesian Firm		
Audit and review of financial reports	47,577	49,377
Total remuneration for audit services	181,947	169,087
Total remuneration for other services	-	16,995

13. Proceedings on behalf of the company

No person has applied under section 237 of the Corporations Act 2001 for leave of court to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. The Company has not been a party to any proceedings during the year.

14. Remuneration report (audited)

The Directors are pleased to present your Company's 2024 remuneration report, which sets out remuneration information for Atlas Pearls' Directors and other Key Management Personnel, as listed in the table below. The information provided in this Remuneration Report has been audited as required by section 300(a) of the *Corporations Act 2001*.

Name	Position
Directors	
Geoff Newman	Non-Executive Chairman
Tim Martin	Non-Executive Director
Cadell Buss	Independent Non-Executive Director
José Martins	Independent Non-Executive Director
Other Key Management Personnel	
Michael Ricci	Chief Executive Officer
Gemma Cann	Chief Financial Officer, appointed 17 July 2023, resigned 7 February 2024
Jean-Marie Rudd	Chief Financial Officer, appointed 4 May 2024

14.1 REMUNERATION GOVERNANCE

14.1.1 ROLE OF THE BOARD IN REMUNERATION GOVERNANCE

Remuneration governance is the responsibility of the full Board. Primary responsibilities include recommendations for;

- Non-Executive Director fees,
- Remuneration levels of Executive Directors and other Key Management Personnel,
- The overarching Executive remuneration framework and the operation of incentive plans, and
- Key performance indicators ('KPIs') and performance hurdles for the Executive team.

The objective is to ensure that remuneration policies and structures are fair and competitive and are aligned with the long-term interests of the Company.

Assessing performance and claw-back remuneration

KPIs are set annually, with a certain level of consultation with Key Management Personnel. The measures are specifically tailored to the area everyone is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial, as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the Board considering the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

In the event of serious misconduct or a material misstatement in the Company's financial statements, the Board may cancel or defer performance-based remuneration and may also claw-back performance-based remuneration paid in previous financial years.

14.1.2 NON-EXECUTIVE DIRECTOR REMUNERATION POLICY

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors.

Non-Executive Directors' fees are reviewed annually by the Board. Consideration is given to the remuneration of comparable companies when setting fee levels.

The Non-Executive Directors' aggregate annual remuneration may not exceed \$500,000 (30 June 2023: \$500,000) which is periodically recommended for approval by shareholders. This limit was approved by shareholders at the Extraordinary General Meeting on 29 April 2022. In the year ending 30 June 2024, the total Non-Executive Directors' fees including retirement benefit contributions were \$329,426 (30 June 2023: \$312,809).

The base fees for Non-Executive Directors are \$65,000 per annum (exclusive of superannuation) (30 June 2023: \$65,000 exclusive of superannuation). The base fee for the Chairman of the Board is \$90,000 per annum (exclusive of superannuation) (30 June 2023: \$90,000 exclusive of superannuation).

14.1.3 EXECUTIVE REMUNERATION POLICY AND FRAMEWORK

In determining Executive remuneration, the Board aims to ensure that remuneration practices are:

- Competitive and reasonable, enabling the Company to attract and retain key talent
- Aligned to the Company's strategic and business objectives and the creation of shareholder value
- Transparent, and
- Acceptable to shareholders.

Executive remuneration framework has three components;

- Base pay and benefits
- Short-term performance incentives, and
- Long-term incentives through participation in the Atlas Pearls Ltd Employee Share and Incentive Plan.

Employment contracts are in place between the Company (or its subsidiaries) and all Key Management Personnel. Under these contracts, Key Management Personnel are paid a base salary (which may be provided in the form of cash or non-financial benefits) in accordance with their skills and experience, as well as entitlements including superannuation and accrued annual leave and long service leave.

The Atlas Pearls Ltd Employee Share and Incentive Plan (Plan) provides some senior executives with incentives over and above their base salary (refer section 14.2.1). The allocation of shares or options under the Plan is not subject to the performance conditions of the Company. The reasons for establishing the Plan were:

- To align the interests of senior executives with shareholders. The Plan provides employees with incentive to strive for long-term profitability which is in line with shareholder objectives; and
- To provide an incentive for employees to extend their employment terms with the Company. Pearl farming is a long-term business, and the experience of long-serving senior employees is an important factor in the long-term success of the Company.

Short-term Incentives

The Atlas Pearls Ltd Salaried Employee Bonus Scheme ("STI Plan") is maintained as the primary financial reward for employee performance. The underlying principle of the STI Plan is:

The greater a salaried employee's ability to influence overall group and individual department results, the greater the "at risk" component of their remuneration package should be.

The employee's designated bonus level is expressed as percentage of base salary and determines the maximum bonus payment possible for the employee year-on-year. Calculation of the employee's actual bonus payment takes into consideration:

- the business results of the Company overall;
- the results of the department in which the participant works;
- the employee's individual results against their established quantitative and qualitative KPIs.

The Board shall retain absolute discretion over how the bonus program operates, who participates, and all bonus payments generated by it.

The structure of the STI Plan relating to senior executives is outlined in the table below:

Feature	Description			
Max opportunity	CEO: 22.2% of fixed remuneration Other senior executives: 15% of fixed remuneration			
	The STI metrics align with the Group's strategic priorities of market competitiveness, operational excellence, shareholder value, and fostering talented and engaged people.			
Performance metrics	Metric	Target	Weighting	Reason for selection
	EBITDA	Budget ¹	CEO: 80% Other senior executives: 70%	Reflects improvements in both revenue and cost control.
	Individual performance metrics	Specific to individuals ²	CEO: 20% Other senior executives: 30%	Targeted metrics have been chosen that are critical to individual roles and which support the Group's strategic objectives.
Delivery of STI	100% of the STI award is paid in cash no later than three months following the end of the financial year.			
Board discretion	The Board has discretion to adjust remuneration outcomes up or down to prevent any inappropriate reward outcomes.			

Notes:

1. The budget for consolidated EBITDA is set as a dollar figure by the Board on an annual basis. The actual EBITDA results achieved are expressed as a percentage of the relevant budget figure. The bonus outcomes are calculated on a sliding scale, with the minimum payment at 90% of budget and maximum payment at 115% of budget.
2. Individual KPIs are established and agreed between the employee and their manager. This is done either at the annual performance appraisal each year for existing employees, or soon after commencement of employment for new employees.

Use of remuneration consultants

During the financial year ended 30 June 2024 the Company did not engage any remuneration consultants.

Voting and comments made at the Company's 2023 Annual General Meeting

Atlas Pearls received 99.34% of 'yes' votes on adoption of the remuneration report for the 2023 financial year. 99.99% of 'yes' votes were received on the resolution to re-elect Cadell Buss as Director. 99.99% of 'yes' votes were received on the resolution to elect José Martins as Director. The Company did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration.

Relationship between Key Management Personnel Remuneration and Performance

Each Key Management Personnel is remunerated on an individual basis.

14.2 DETAILS OF REMUNERATION

The following tables show details of the remuneration received by the Directors and the Key Management Personnel (KMP) of the Group for the current and previous financial period.

Name		Cash salary and fees	Short-term benefits				Total cash salary, fees and short-term benefits	Post-employment benefits	Long-term benefits	Share-based compensation	Total
			Salary sacrifice for shares	Short-term incentive cash bonus	Noncash monetary benefit ⁶	Superannuation benefit		Long service leave	Options ⁷		
		\$	\$	\$	\$	\$	\$	\$	\$	\$	
Geoff Newman ¹	2024	90,000	-	-	-	90,000	9,900	-	13,076	112,976	
	2023	120,129	-	-	-	120,129	12,906	-	27,244	160,279	
Tim Martin	2024	72,150	-	-	-	72,150	-	-	-	72,150	
	2023	71,825	-	-	-	71,825	-	-	-	71,825	
Cadell Buss	2024	72,150	-	-	-	72,150	-	-	-	72,150	
	2023	71,825	-	-	-	71,825	-	-	-	71,825	
José Martins	2024	65,000	-	-	-	65,000	7,150	-	-	72,150	
	2023	8,036	-	-	-	8,036	844	-	-	8,880	
Michael Ricci	2024	328,567	-	94,806	-	423,373	45,513	5,437	62,221	536,544	
	2023	249,574	-	26,040	-	275,614	28,549	2,812	-	306,975	
Mark Longhurst ²	2024	-	-	-	-	-	-	-	-	-	
	2023	152,630	-	-	11,123	163,753	-	-	6,045	169,798	
Diana Kubicki ³	2024	-	-	-	-	-	-	-	-	-	
	2023	221,483	-	-	-	221,483	22,820	(11,376)	5,064	237,991	
Gemma Cann ⁴	2024	49,198	-	-	-	49,198	5,542	(8,211)	1,214	47,743	
	2023	-	-	-	-	-	-	-	-	-	
Jean-Marie Rudd ⁵	2024	41,258	-	48,600	-	89,858	9,997	1,097	-	100,952	
	2023	-	-	-	-	-	-	-	-	-	
TOTAL 2024	2024	718,323	-	143,406	-	861,729	78,102	(1,677)	76,511	1,014,665	
TOTAL 2023	2023	895,502	-	26,040	11,123	932,665	65,119	(8,564)	38,353	1,027,573	

Notes:

1. Geoff Newman was Executive Chairman until 12 July 2022, thereafter assuming the role of Non-Executive Chairman.
2. Mark Longhurst ceased as a KMP from 31 December 2022.
3. Diana Kubicki resigned as CFO on 9 June 2023.
4. Gemma Cann was appointed CFO on 17 July 2023 and resigned as CFO on 7 February 2024.
5. Jean-Marie Rudd was appointed CFO on 4 May 2024.
6. Non-monetary benefits of other KMP include overseas living allowances as per individual employment contracts.
7. Share-based remuneration related to options being recognised over the respective vesting period.

14.2.1 DETAILS OF REMUNERATION – PERFORMANCE ANALYSIS

The following table indicates the percentage of remuneration relating to options and performance:

Name	30 June 2024 % Performance	30 June 2023 % Performance
Geoff Newman	11.57%	17.00%
Michael Ricci	31.30%	9.42%
Mark Longhurst (ceased as KMP 31 December 2022)	-	3.56%
Diana Kubicki (resigned 09 June 2023)	-	2.13%
Gemma Cann (appointed 17 July 2023, resigned 7 February 2024)	-	-
Jean-Marie Rudd (appointed 4 May 2024) ¹	53.68%	-

Notes:

1. Prior to her appointment as CFO, Jean-Marie Rudd was employed on a fixed-term contract. The STI bonus has been awarded on her annual remuneration, whereas the performance percentage of remuneration is calculated on her remuneration since her appointment as CFO on 4 May 2024.

The proportion of the cash bonus paid/payable or forfeited is as follows:

	Cash bonus paid/ payable		Cash bonus forfeited	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Other key management personnel				
Michael Ricci	90%	95%	10%	5%
Gemma Cann	0%	85%	100%	15%
Jean-Marie Rudd	85%	0%	5%	0%

14.2.2 RELATIONSHIP BETWEEN REMUNERATION AND ATLAS PEARLS' PERFORMANCE

The following table shows performance indicators as prescribed by the Corporations Act 2001 over the past five reporting periods:

	30 June 2024	30 June 2023	30 June 2022	30 June 2021	30 June 2020
Profit/(loss) for the year	31,469,017	9,087,744	4,591,551	6,719,924	(8,076,827)
Basic earnings per share	7.37	2.14	1.08	1.58	(1.90)
Dividend payments	8,001,889	-	-	-	-
Increase /(decrease) in share price	117%	17%	140%	200%	(38%)
Total KMP incentives as percentage of profit/(loss) %	0.8%	0.8%	0.6%	0.1%	(0.2%)

14.3 SERVICE AGREEMENTS

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company. Remuneration and other terms of employment for the Chief Executive Officer other KMPs are also formalised in service agreements.

Details of KMP service agreements are set out below:

14.3.1 MICHAEL RICCI (CHIEF EXECUTIVE OFFICER)

Michael has been engaged as Chief Executive Officer of the Group pursuant to an employment agreement between the Group and Michael (Ricci Agreement).

The total annual remuneration payable to Michael under the Ricci Agreement is a salary of \$345,000 per annum (exclusive of superannuation) (2023: \$248,000). Michael is also entitled to participate in STIs of up to 20% of the base salary, inclusive of superannuation (2023: 15% of the base salary, exclusive of superannuation) and LTIs, as determined by the Board. An STI bonus of \$94,806 has been accrued in respect of the financial year ended 30 June 2024 (30 June 2023: \$26,040) under the STI Plan, representing a 90% achievement of the maximum bonus payable.

The Ricci Agreement commenced on 13 June 2022 and employment under the Ricci Agreement will continue until terminated in accordance with the Ricci Agreement (Term). During the Term, the Ricci Agreement may be terminated by the Group at any time:

- by three months written notice to Michael, at which time the Group will immediately pay Michael three months base salary in lieu; or
- by summary notice in circumstances where Michael neglects to perform his duties or comply with reasonable or proper direction or engages in serious misconduct.
- Otherwise, the Ricci Agreement may be terminated by Michael at any time for any reason by giving not less than three months' notice in writing to the Group.

Michael is also subject to restrictions in relation to the use of confidential information during and after his employment with the Group ceases, being directly or indirectly involved in a competing business during the continuance of his employment with the Group, and for a period of 12 months after his employment with the Group ceases, on terms which are otherwise considered standard for agreements of this nature.

The Ricci Agreement contains additional provisions considered standard for agreements of this nature.

14.3.2 GEMMA CANN (CHIEF FINANCIAL OFFICER)

Gemma was appointed to the position of Chief Financial Officer of the Group on 17 July 2023, and resigned on 7 February 2024.

The total remuneration payable to Gemma was a base salary for the 2024 financial year of \$180,000 per annum (exclusive of superannuation). No bonus has been accrued in respect of the financial year ended 30 June 2024.

14.3.3 JEAN-MARIE RUDD (CHIEF FINANCIAL OFFICER)

Jean-Marie was appointed to the position of Chief Financial Officer of the Group on 4 May 2024, pursuant to an employment agreement between the Group and Jean-Marie (Rudd Agreement). Prior to her appointment as CFO, Jean-Marie was employed on a 12-month fixed-term contract.

The total annual remuneration payable to Jean-Marie under the Rudd Agreement is a salary of \$240,000 per annum (exclusive of superannuation). Jean-Marie is also entitled to participate in STIs of up to 15% of the base salary and LTIs, as determined by the Board. An STI bonus of \$48,600 has been accrued in respect of the financial year ended 30 June 2024 under the STI Plan, representing an 85% achievement of the maximum bonus payable.

The Rudd Agreement commenced on 4 May 2024 and employment under the Rudd Agreement will continue until terminated in accordance with the Rudd Agreement (Term). During the Term, the Rudd Agreement may be terminated by the Group at any time:

- by three months written notice to Jean-Marie, at which time the Group will immediately pay Jean-Marie three months base salary in lieu; or
- by summary notice in circumstances where Jean-Marie neglects to perform her duties or comply with reasonable or proper direction or engages in serious misconduct.
- Otherwise, the Rudd Agreement may be terminated by Jean-Marie at any time for any reason by giving not less than three months' notice in writing to the Group.

Jean-Marie is also subject to restrictions in relation to the use of confidential information during and after her employment with the Group ceases, being directly or indirectly involved in a competing business during the continuance of her employment with the Group, and for a period of 12 months after her employment with the Group ceases, on terms which are otherwise considered standard for agreements of this nature.

The Rudd Agreement contains additional provisions considered standard for agreements of this nature.

14.4 ADDITIONAL INFORMATION OF THE REMUNERATION REPORT

14.4.1 OPTIONS

4,000,000 options were issued to CEO, Michael Ricci during the financial year end 30 June 2024 (30 June 2023: nil).

Refer to section 14.5.2 below and to section 22.2 of the notes to the consolidated financial statements for details of options on issue.

14.4.2 OTHER KMP TRANSACTIONS

As at 30 June 2024, Director fees of \$6,013 are payable (30 June 2023: \$8,531).

14.5 SHARE-BASED PAYMENTS COMPENSATION

14.5.1 EMPLOYEE SALARY SACRIFICE SHARE PLAN

There was no salary sacrifice scheme in place for the year ended 30 June 2024.

14.5.2 PERFORMANCE OPTIONS

The details relating to performance options allocated to KMP under the Atlas Pearls Ltd Employee Share and Incentive Plan are shown in the table below.

The fair value at grant date is independently determined using a Hoadley Trading and Investment valuation model, which takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield, and the risk-free interest rate for the term of the option.

Name	Date of grant	Entitlement No. of options	Vesting date	Expiry date	Financial year in which options vest	Share price at grant date	Option exercise price	Volatility	Risk free rate	Total value of options at grant date	Fair value
Geoff Newman ¹	29/04/22	1,276,196	30/06/24	30/09/24	2024	\$0.047	\$0.075	100%	2.45%	\$28,332	\$0.0222
Mark Longhurst ^{1,2}	24/05/22	642,639	30/06/24	30/09/24	2024	\$0.042	\$0.075	100%	2.53%	\$11,825	\$0.0184
Diana Kubicki ^{1,3}	24/05/22	335,290	30/06/23	30/09/24	2023	\$0.042	\$0.070	100%	2.53%	\$6,035	\$0.0180
Gemma Cann ^{1,4}	24/05/22	234,702	30/06/24	30/09/24	2024	\$0.042	\$0.075	100%	2.53%	\$4,319	\$0.0184
Michael Ricci ⁵	15/11/23	800,000	30/06/24	30/09/26	2024	\$0.075	\$0.085	85%	4.17%	\$28,000	\$0.0350
Michael Ricci ⁵	15/11/23	1,200,000	30/06/25	30/09/26	2025	\$0.075	\$0.091	85%	4.17%	\$43,200	\$0.0360
Michael Ricci ⁵	15/11/23	2,000,000	30/06/26	30/09/26	2026	\$0.075	\$0.097	85%	4.17%	\$74,000	\$0.0370

Notes:

1. These unlisted options were approved at the EGM on 29 April 2022 and are subject to the employee remaining engaged as an employee at the date of the prescribed vesting date.
2. Mark Longhurst ceased as a KMP with effect from 31 December 2022.
3. Diana Kubicki ceased as a KMP with effect from 9 June 2023. Under the terms of the Atlas Pearls Ltd Employee Share and Incentive Plan outlined in 1 above, 558,816 unvested options were forfeited on Diana's resignation date, but the board exercised its discretion not to forfeit her remaining 335,290 vested, but unexercised options.
4. Gemma Cann resigned as CFO on 7 February 2024. Under the terms of the Atlas Pearls Ltd Employee Share and Incentive Plan, the board exercised its discretion not to forfeit her remaining 234,702 unvested options.
5. 4,000,000 options were issued to CEO, Michael Ricci, under an offer to Michael on 15/11/23. These options were issued under the Atlas Pearls Ltd Employee Share and Incentive Plan and are subject to the employee remaining engaged as an employee at the date of the prescribed vesting date.

14.5.3 EQUITY INSTRUMENTS

The details relating to the equity instruments held by KMP are as follows:

(A) EQUITY INSTRUMENT DISCLOSURES RELATING TO KMP

Options and rights granted as compensation:

4,000,000 options were issued to CEO, Michael Ricci during the financial year end 30 June 2024 (30 June 2023: nil). Refer to section 22.2 of the notes to the consolidated financial statements for details of options on issue.

(B) SHAREHOLDINGS

The number of shares in the Company held during the financial year by each Director and the other KMP of the Group, including their personally related parties, are set out below:

	Balance 01/07/23	Granted as compensation	Options exercised	Acquired/(Sold) on market	Balance 30/06/24
Directors					
Geoff Newman ¹	2,563,443	-	1,276,196	-	3,839,639
Tim Martin ²	110,184,995	-	-	(5,151,064)	105,033,931
Cadell Buss ³	1,337,000	-	-	90,385	1,427,385
José Martins ⁴	-	-	-	500,000	500,000
Total Directors	114,085,438	-	1,276,196	(4,560,679)	110,800,955
Other KMP					
Michael Ricci ⁵	512,800	-	-	-	512,800
Jean-Marie Rudd ⁶	-	-	-	170,000	170,000
Total Other KMP	512,800	-	-	170,000	682,800
TOTAL	114,598,238	-	1,276,196	(4,390,679)	111,483,755

Notes:

- 3,123,350 shares held by Gee Enn Pty Ltd <Geryl Super Fund A/C> and 716,289 shares held by Mrs Cheryl Louise Newman & Mr Geoffrey Grosvenor Newman <Geryl A/C>.
- 54,907,327 shares are held by Boneyard Investments Pty Ltd; 28,248,936 shares are held by Chemco Superannuation Fund Pty Ltd <Chemco Super Fund No 2 A/C>, 17,880,240 shares are held by Jingie Investments Pty Ltd, and the remaining balance of 3,997,428 shares are held personally by Tim Martin.
- Shares are held by Cadon Holdings Pty Ltd <Cadon S/F A/C> of which Cadell Buss is a beneficiary.
- Shares are held by Sintra Business Services Pty Ltd <Sintra SF A/C> of which José Martins is a beneficiary.
- Shares are held by M&K Ricci Pty Ltd <Ricci Super Fund A/C> of which Michael Ricci is a beneficiary.
- Shares are held by Jean-Marie Rudd (Rudd Family A/C) of which Jean-Marie Rudd is a beneficiary.

In the period since 30 June 2024, Geoff Newman exercised the remainder of his options and now holds 5,115,835 shares in the Company as at the date of signing this report.

Shares issued on the exercise of options

The following ordinary shares of Atlas Pearls Ltd were issued during the year ended 30 June 2024 and up to the date of this report on the exercise of options granted:

	Date options granted	Exercise date	Exercise price	Shares Issued (no)
Geoff Newman	29/04/2022	19/02/2024	\$0.065	510,478
Geoff Newman	29/04/2022	19/02/2024	\$0.070	765,718
TOTAL				1,276,196

(C) OPTION HOLDING

The number of options over ordinary shares in the parent entity held during the year ended 30 June 2024 by each Director and other KMP of the Group, including their personally related parties, is set out below:

	Balance 01/07/23	Granted	Exercised	Forfeited /Lapsed	Commenced as KMP	Ceased as KMP	Balance 30/06/24	Fully Vested ¹
Directors								
Geoff Newman ¹	2,552,392	-	(1,276,196)	-	-	-	1,276,196	1,276,196
Other KMP								
Gemma Cann ²	-	-	-	-	469,405	(469,405)	-	234,702
Michael Ricci	-	4,000,000	-	-	-	-	4,000,000	800,000
TOTAL	2,552,392	4,000,000	(1,276,196)	-	469,405	(469,405)	5,276,196,	2,310,898

Notes:

- 2,076,196 Options vested 30 June 2024 (30 June 2023: 1,486,591).
- Gemma Cann was appointed CFO on 17 July 2023 and resigned as CFO on 7 February 2024.

In the period since 30 June 2024, Geoff Newman exercised the remainder of his options and now holds nil options in the Company as at the date of signing this report.

15. Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off to the nearest whole dollar, unless otherwise indicated, in accordance with the instrument.

This is the end of the Audited Remuneration Report.

16. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 35.

Signed in accordance with a resolution of the Directors.



Geoff Newman
Chairman - 29 August 2024



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DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF ATLAS PEARLS LIMITED

As lead auditor of Atlas Pearls Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Atlas Pearls Limited and the entities it controlled during the period.

Jarrad Prue
Director

BDO Audit Pty Ltd
Perth
29 August 2024

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	NOTE	2024 \$	2023 \$
Revenue from contracts with customers	3	41,705,611	27,200,159
Farm costs		(10,078,792)	(10,897,065)
Administration expenses	5	(8,848,416)	(6,107,861)
Finance costs	5	(34,126)	(74,213)
Marketing expenses		(359,083)	(399,911)
Change in fair value less husbandry costs of oysters	4	17,395,029	641,493
Other expenses	5	(489,299)	(662,780)
Other income	3	520,997	14,067
PROFIT BEFORE INCOME TAX		39,811,921	9,713,889
Income tax expense	7	(8,342,905)	(626,145)
PROFIT AFTER INCOME TAX		31,469,016	9,087,744
OTHER COMPREHENSIVE INCOME			
Items that will be reclassified as profit or loss:			
Exchange differences on translation of foreign operations		(2,538,480)	446,144
OTHER COMPREHENSIVE INCOME NET OF TAXES		(2,538,480)	446,144
TOTAL COMPREHENSIVE INCOME		28,930,536	9,533,888
PROFIT IS ATTRIBUTABLE TO:			
Owners of the Company		31,469,016	9,087,744
TOTAL COMPREHENSIVE INCOME IS ATTRIBUTABLE TO:			
Owners of the Company		28,930,536	9,533,888
EARNINGS PER SHARE			
ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic earnings per share (cents)	6	7.37	2.14
Diluted earnings per share (cents)	6	7.11	2.14

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

	NOTE	2024 \$	2023 \$
CURRENT ASSETS			
Cash and cash equivalents	8	17,623,315	7,845,286
Trade and other receivables		870,517	300,619
Inventories	9	7,140,363	3,319,854
Biological assets	4	14,499,738	8,916,104
TOTAL CURRENT ASSETS		40,133,933	20,381,863
NON-CURRENT ASSETS			
Biological assets	4	21,320,671	11,340,618
Property, plant and equipment	11	7,062,086	6,928,730
Right-of-use assets		667,363	617,588
Deferred tax assets	7	669,071	797,111
TOTAL NON-CURRENT ASSETS		29,719,191	19,684,047
TOTAL ASSETS		69,853,124	40,065,910
CURRENT LIABILITIES			
Trade and other payables	10	569,582	757,374
Provisions	10	3,590,969	2,971,185
Lease liabilities		69,210	63,572
Current tax liabilities	7	3,496,781	124,098
TOTAL CURRENT LIABILITIES		7,726,542	3,916,229
NON-CURRENT LIABILITIES			
Lease liabilities		218,222	159,559
Deferred tax liabilities	7	6,354,104	1,860,885
Provisions	10	38,720	45,186
TOTAL NON-CURRENT LIABILITIES		6,611,046	2,065,630
TOTAL LIABILITIES		14,337,588	5,981,859
NET ASSETS		55,515,536	34,084,051
EQUITY			
Contributed equity	12	37,241,851	36,857,415
Reserves	13	(10,164,761)	(7,744,682)
Retained earnings / (accumulated losses)		28,438,446	4,971,318
TOTAL EQUITY		55,515,536	34,084,051

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

	NOTE	Attributable to owner of Atlas Pearls					Total equity
		Contributed equity	Revaluation reserve	Employee share reserve	Foreign currency translation reserve	Retained earnings (accumulated losses)	
		\$	â\$	\$	\$	\$	
BALANCES AT 1 JULY 2023		36,857,415	179,179	1,164,841	(9,088,702)	4,971,318	34,084,051
Net profit for the year		-	-	-	-	31,469,016	31,469,016
Exchange differences on translation of foreign operations	13	-	-	-	(2,538,480)	-	(2,538,480)
Total comprehensive income		-	-	-	(2,538,480)	31,469,016	28,930,536
Transactions with owners in their capacity as owners							
Contributions of equity, net of transaction costs		384,436	-	-	-	-	384,436
Share-based payments	13	-	-	118,401	-	-	118,401
Dividends paid		-	-	-	-	(8,001,888)	(8,001,888)
BALANCE AT 30 JUNE 2024		37,241,851	179,179	1,283,242	(11,627,182)	28,438,446	55,515,536
BALANCES AT 1 JULY 2022		36,857,415	179,179	989,514	(9,534,846)	(4,116,426)	24,374,836
Net profit for the year		-	-	-	-	9,087,744	9,087,744
Exchange differences on translation of foreign operations	13	-	-	-	446,144	-	446,144
Total comprehensive income		-	-	-	446,144	9,087,744	9,533,888
Transactions with owners in their capacity as owners							
Share-based payments	13	-	-	175,327	-	-	175,327
BALANCE AT 30 JUNE 2023		36,857,415	179,179	1,164,841	(9,088,702)	4,971,318	34,084,051

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

	NOTE	2024 \$	2023 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from pearl and Jewellery sales		40,452,654	26,243,479
Proceeds from pearl by-product sales		914,335	594,162
Payments to suppliers and employees		(20,493,174)	(17,572,442)
Income tax paid		(451,639)	(767,211)
Interest paid		(19,527)	(62,063)
Interest received		255,049	14,067
Net cash inflow from operating activities	8	20,657,698	8,449,992
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the disposal of property, plant and equipment		262	-
Payments for property, plant and equipment		(1,851,175)	(2,155,311)
Net cash outflow from investing activities		(1,850,913)	(2,155,311)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(650,869)	(1,812,806)
Proceeds from borrowings		631,449	687,806
Repayment of lease liabilities		(99,899)	(130,484)
Dividends paid		(8,001,888)	-
Proceeds from the issue of shares (net of share issue expenses)		340,738	-
Net cash outflow from financing activities		(7,780,469)	(1,255,484)
Net increase in cash and cash equivalents		11,026,316	5,039,197
Cash and cash equivalents at the beginning of the year		7,845,286	2,995,131
Effects of exchange rate changes on cash and cash equivalents		(1,248,287)	(189,042)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	17,623,315	7,845,286

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Index of notes to the consolidated financial statements

PART A	Basis of preparation	1. Basis of preparation	41
PART B	Financial performance	2. Segment reporting	41
		3. Revenue from contracts with customers and other income	43
		4. Biological assets	44
		5. Expenses	46
		6. Earnings per share	46
PART C	Tax	7. Tax	47
PART D	Cash flow information	8. Cash and cash equivalents	48
PART E	Working capital	9. Inventories	49
		10. Payables	49
PART F	Non-financial assets and liabilities	11. Property, plant and equipment	49
PART G	Funding, capital management and equity	12. Contributed equity	50
		13. Reserves	51
		14. Dividends	51
		15. Risk management	51
PART H	Risk management	16. Events occurring after the reporting period	54
PART I	Unrecognised items	17. Commitments	54
		18. Contingencies	54
		19. Subsidiaries	54
PART J	Other	20. Related party transactions	55
		21. Parent entity financial information	55
		22. Share-based payments	55
		23. Remuneration of auditors	57
		24. Accounting policies	58

Notes to the consolidated financial statements

PART A - Basis of preparation

1. Basis of preparation

1.1 BASIS OF PREPARATION

The financial statements cover the consolidated entity of Atlas Pearls Ltd and its subsidiaries. Atlas Pearls is a listed public Company, incorporated and domiciled in Australia.

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities in the Directors' report, which, is not part of these financial statements. The financial statements were authorised for issue by the Directors on 29 August 2024. The Directors have the power to amend and reissue the financial statements.

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board (AASB), IFRS, and the Corporations Act 2001. Atlas Pearls is a for-profit entity for the purpose of preparing financial statements.

These financial statements have been prepared under the historical cost basis, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, and biological assets and inventories at fair value less cost to sell.

The accounting policies are consistent with those disclosed in the 2023 financial statements, except for the impact of all new or amended standards and interpretations.

1.2 CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events, and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are detailed below:

- Determination of market value of biological assets – see note 4
- Property, plant and equipment depreciation rates - see note 11
- Valuation of share-based payments – see note 22

PART B - Financial performance

2. Segment reporting

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors and management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

DISAGGREGATION OF REVENUE

The Group derives revenue from the transfer of goods at a point in time in major product lines and geographical regions as shown below.

The operating segments are identified by management based on the location in which the product is sold, whether Australia or Indonesia. Discrete financial information about each of these operating businesses is reported to the Board of Directors and management team on at least a monthly basis.

The accounting policies used by the Group in reporting segments are the same as those detailed throughout the financial statements and in the prior period, except as detailed below.

INTER-ENTITY SALES

Inter-entity sales are recognised on a cost-plus arrangement as per the Advance Pricing Agreement (APA), which was effective 1 July 2021 through to 30 June 2025. The transfer price terms per the APA are between 11.8% and 16.47%. These transactions are eliminated within the internal reports. The revenue from external parties, reported to the chief operating decision makers is measured in a manner consistent with that in the statement of profit or loss and other comprehensive income.

It is the Group's policy that if items of revenue and expense are not allocated to operating segments, then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which management believe would be inconsistent.

Segment revenue reconciles to total revenue from contracts with customers in the statement of profit or loss and other comprehensive income as follows:

	2024	2023
Total segment revenue	64,800,428	46,877,358
Inter-segment eliminations	(23,094,817)	(19,677,199)
Total revenue from contracts with customers (note 3)	41,705,611	27,200,159

2.1 SEGMENT INFORMATION PROVIDED TO THE BOARD OF DIRECTORS AND MANAGEMENT TEAM

The segment information provided to the Board of Directors and management team for the reportable segments for the year ended 30 June 2024 is as follows:

30 June 2024	NOTE	Loose pearls and by-product		
		Australia \$	Indonesia \$	Total \$
Total segment revenue		39,766,618	25,033,810	64,800,428
Inter-segment revenue		-	(23,094,817)	(23,094,817)
Revenue from external customers	3.1	39,766,618	1,938,993	41,705,611
Timing of revenue recognition				
At a point in time		39,766,618	1,938,993	41,705,611
Over time		-	-	-
		39,766,618	1,938,993	41,705,611
Normalised EBITDA	2.2(IV)	19,401,764	3,230,914	22,632,678
Adjusted net operating profit before income tax	2.2(I)	19,559,508	3,013,675	22,573,183
Depreciation and amortisation	5	76,068	245,736	321,804
Revaluation of biological assets		-	(17,395,029)	(17,395,029)
TOTAL SEGMENT ASSETS	2.2(II)	18,262,322	50,921,731	69,184,053
Total assets include:				
Additions to non-current assets		8,101	1,843,074	1,851,175
TOTAL SEGMENT LIABILITIES	2.2(III)	(903,860)	(3,295,410)	(4,199,270)

The segment information provided to the Board of Directors and management team for the reportable segments for the year ended 30 June 2023 is as follows:

30 June 2023		Loose pearls and by-product		
		Australia \$	Indonesia \$	Total \$
Total segment revenue		26,365,847	20,511,511	46,877,358
Inter-segment revenue		-	(19,677,199)	(19,677,199)
Revenue from external customers		26,365,847	834,312	27,200,159
Timing of revenue recognition				
At a point in time		26,365,847	834,312	27,200,159
Over time		-	-	-
		26,365,847	834,312	27,200,159
Normalised EBITDA		7,073,425	2,731,616	9,805,041
Adjusted net operating profit before income tax		6,859,569	2,594,382	9,453,951
Depreciation and amortisation		111,962	178,982	290,944
Revaluation of biological assets		-	(641,493)	(641,493)
TOTAL SEGMENT ASSETS		7,651,584	31,616,644	39,268,228
Total assets include:				
Additions to non-current assets		31,322	2,123,989	2,155,311
TOTAL SEGMENT LIABILITIES		(628,574)	(3,145,171)	(3,773,745)

Revenues of \$13.2M are derived from two external customers representing more than 10% of revenue (2023: \$8.2M). These revenues are attributed to the Australian loose pearls and by-product segment.

2.2 OTHER SEGMENT INFORMATION

(I) ADJUSTED NET OPERATING PROFIT

The Board of Directors and the management team review the performance of each segment on a monthly basis by analysing the segment's net operating profit before tax. A segment's net operating profit before tax excludes non-operating income and expenses such as interest paid and received, foreign exchange gains and losses whether realised or unrealised, fair value gains and losses, and impairment charges.

A reconciliation of adjusted net operating profit/(loss) before income tax is provided as follows:

	2024 \$	2023 \$
Segment net operating profit before tax	22,573,183	9,453,951
Changes in fair value of biological and agricultural assets	17,395,029	641,493
Foreign exchange gains / (losses)	(156,291)	(381,555)
TOTAL PROFIT BEFORE INCOME TAX FROM OPERATIONS	39,811,921	9,713,889

(II) SEGMENT ASSETS

Assets are allocated based on the operations of the segment and the physical location of the asset. Reportable segments' assets are reconciled to total assets as follows:

	2024 \$	2023 \$
Segment assets	69,184,053	39,268,228
Unallocated:		
Joint venture loans	-	571
Deferred tax assets	669,071	797,111
TOTAL ASSETS AS PER THE STATEMENT OF FINANCIAL POSITION	69,853,124	40,065,910

The total of non-current assets other than financial instruments and deferred tax assets located in Australia is \$203,491 (30 June 2023: \$30,770,942). The total located in Indonesia is \$28,846,630 (30 June 2023: \$20,575,033).

(III) SEGMENT LIABILITIES

Liabilities are allocated based on the operations of the segment and the physical location of the asset. Reportable segments' liabilities are reconciled to total liabilities as follows:

	2024 \$	2023 \$
Segment liabilities	4,199,270	3,773,745
Unallocated:		
Current tax liabilities	3,486,782	124,098
Lease liabilities	287,432	223,131
Deferred tax liabilities	6,354,104	1,860,885
TOTAL LIABILITIES AS PER THE STATEMENT OF FINANCIAL POSITION	14,327,588	5,981,859

(IV) NORMALISED EBITDA RECONCILIATION

	2024 \$	2023 \$
Net profit before tax	39,811,921	9,713,889
Interest expense / (income)	(262,309)	60,146
Depreciation/amortisation	321,804	290,944
Foreign exchange loss	156,291	381,555
Agriculture standard revaluation (gain)	(17,395,029)	(641,493)
NORMALISED EBITDA	22,632,678	9,805,041

3. Revenue

3.1 REVENUE FROM CONTRACTS WITH CUSTOMERS

	2024 \$	2023 \$
Sale of goods	41,705,611	27,200,159
TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS	41,705,611	27,200,159

Refer to note 2.1 for the disaggregation of revenue.

3.2 OTHER INCOME

	2024 \$	2023 \$
Interest income	296,469	14,067
Other	224,528	-
TOTAL OTHER INCOME	520,997	14,067

MATERIAL ACCOUNTING POLICY

Revenue from contracts with customers

Revenue is recognised when the Group transfers control of products to a customer at the amount to which the Group expects to be entitled. The amount of revenue arising on a transaction is usually determined by an agreement between the Group and the customer.

Sale of Goods - Wholesale

The Group produces and sells pearls in the wholesale market. Revenue from the sale of goods is recognised at a point in time when control of the product is transferred to the customer, which is typically on delivery.

Sale of Goods - Retail

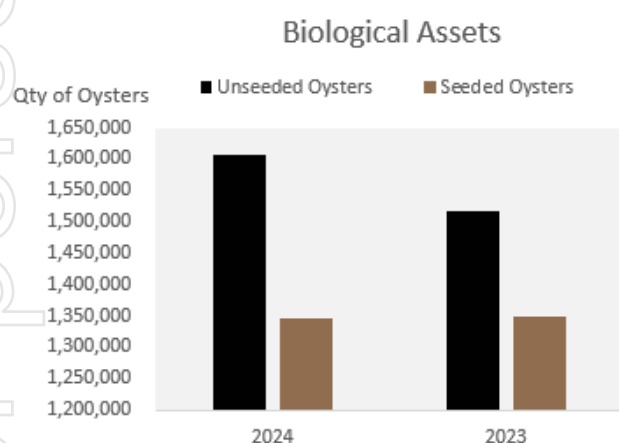
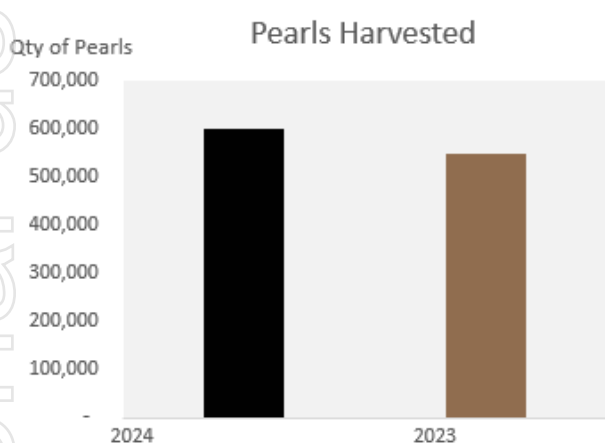
The Group operates an online retail store and farm experience stores selling pearl jewellery. Revenue from the sale of goods is recognised when the Group transfers control of the product to the customer, which is typically at the point of sale.

4. Biological assets

	2024 \$	2023 \$
Current		
Oysters – at fair value	14,499,738	8,916,104
TOTAL CURRENT BIOLOGICAL ASSETS	14,499,738	8,916,104
Non-current		
Nuclei	303,323	-
Oysters – at fair value	21,017,348	11,340,618
TOTAL NON-CURRENT BIOLOGICAL ASSETS	21,320,671	11,340,618
TOTAL BIOLOGICAL ASSETS	35,820,409	20,256,722

Biological assets recognised as current assets on the statement of financial position represent the estimated value of the pearls to be harvested within the next 12 months.

The details of the biological assets that are held by the Group as at year end are as follows:



MATERIAL ACCOUNTING POLICY

Agricultural assets include pearl oysters, both seeded and unseeded. Seeded oysters are measured at their fair value less estimated husbandry costs. The fair value of these biological assets is determined by using the present value of expected net cash flows from the oysters, discounted using a pre-tax market determined rate. The fair value of unseeded oysters is determined by reference to market prices for this type of asset in Indonesia. Changes in fair value less estimated husbandry costs of these assets are recognised in the consolidated statement of profit or loss and other comprehensive income in the period they arise

MATERIAL JUDGEMENT

Fair value should reflect market participant views and market data at the measurement date under current market

conditions. The valuation of oysters contains both observable and unobservable inputs. The Group carefully considered these inputs when assessing the fair value of oyster stocks. A fair valuation uplift of \$17,395,029 (2023: \$641,493 increase) is included in the valuation of biological assets, representing an average fair value per pearl of \$52 less costs to sell.

The Group is exposed to financial risk in respect of its involvement in primary production, which consists of the breeding and rearing of oysters for the purpose of producing pearls. The primary financial risk associated with this activity occurs due to the length of time between the expenditure of cash in relation to the operation of the farm, the harvesting of the pearls, and realisation of cash receipts from the sale to third parties. The Group ensures that it maintains sufficient working capital to sustain its operations through any delays in cash flow that may be reasonably foreseen.

Level 3 analysis: The finance and operations departments undertake the valuation of the oysters. The calculations are considered to be level 3 fair values, as described in note 15.5 (B). The data is taken from internal management reporting and work completed by the executive within the respective field teams to determine the material inputs to the model. The key production inputs are confirmed with the relevant executives and agreed with the Board of Directors every six months. These are listed in note 4.1.

The following table presents the group's biological assets measured and recognised at fair value at 30 June 2024 and 30 June 2023 on a recurring basis:

30 June 2024	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$

Assets

Biological assets	-	-	35,820,409	35,820,409
TOTAL ASSETS	-	-	35,820,409	35,820,409

30 June 2023	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$

Assets

Biological assets	-	-	20,256,722	20,256,722
TOTAL ASSETS	-	-	20,256,722	20,256,722

4.1 KEY PRODUCTION ASSUMPTIONS

In the current reporting period, management has introduced changes to the methodology used in calculating the fair value of oysters.

Previously, future pearl quality was forecast based on the weight and category of pearls harvested in the prior 12-month period. Recognising the inherent volatility and cyclical nature of harvest quality, an alternative predictor of future pearl quality has been identified, where management model various future pearl quality scenarios, expressed as an average index score, calculated with reference to each element of the grading assessment (size, colour, shape, and grade). This metric compares harvest quality between

sites over time independent of market demand. Management then exercises judgement to determine the most likely scenario over the next two years, and subsequently applies it in the valuation model.

Additionally, the previous methodology calculated future revenues based on forecasted JPY per momme for projected harvested pearls. In response to the shift in our main trading currency to USD, management has opted to calculate revenue based on USD per pearl.

All other assumptions integral to the fair valuation calculation of oysters remain unchanged. The key assumptions utilised to determine the fair market value of oysters are detailed below:

Input	2024	2023	2024 Assumptions	2023 Assumptions
Average selling price per pearl	\$52	¥15,518 per momme ¹	Based on sale prices achieved over prior three reporting periods.	Based on sale prices achieved over prior three reporting periods.
USD exchange rate	US\$ 0.72	N/A	Based on the forward USD price per a financial institution.	N/A
Yen exchange rate	N/A	¥95.97	N/A	Based on the forward JPY price per a financial institution.
Pearl quality scenario	Medium	N/A	Based on management assessment.	N/A
Average pearl size	N/A	0.38	N/A	Based on harvest results achieved over prior five reporting periods.
Proportion of marketable grade	N/A	34%	N/A	Based on harvest results achieved over prior five reporting periods.
Discount rate	20%	20%	No change to prior period.	Based on analysis of comparable primary producers.
Mortality	14%	16%	Based on current harvest mortality rates.	Based on current harvest mortality rates.
Average unseeded oyster value	\$1.73	\$1.91	Based on historical independent valuation.	Based on historical independent valuation.
Costs to complete	\$0.86	\$0.59	Based on current average.	Based on current average.
Costs to sell	\$1.84	\$1.61	Based on current average.	Based on current average.

Notes:

1. Based on the previous M2M model.

4.2 SENSITIVITY ANALYSIS – OYSTERS

The following tables summarise the potential impact of changes in the key non-production-related variables on the fair value oyster adjustment:

	Pearl Quality Scenario				
	Very Low	Low	Medium	High	Very High
Discount rate	Profit \$	Profit \$	Profit \$	Profit \$	Profit \$
22%	(5,211,315)	(2,768,775)	(611,670)	3,824,680	8,056,594
20%	(4,695,182)	(2,201,854)	-	4,522,449	8,835,708
18%	(4,157,896)	(1,611,633)	636,882	5,248,997	9,646,885

	Pearl Quality Scenario				
	Very Low	Low	Medium	High	Very High
Pricing	Profit \$	Profit \$	Profit \$	Profit \$	Profit \$
>10%	(251,144)	2,491,518	4,913,557	9,888,251	14,632,836
0%	(4,695,182)	(2,201,854)	-	4,522,449	8,835,708
<10%	(9,139,221)	(6,895,225)	(4,913,557)	(843,353)	3,038,581

	Pearl Quality Scenario				
	Very Low	Low	Medium	High	Very High
FX Rate	Profit \$	Profit \$	Profit \$	Profit \$	Profit \$
>10%	(251,144)	2,491,518	4,913,557	9,888,251	14,632,836
0%	(4,695,182)	(2,201,854)	-	4,522,449	8,835,708
<10%	(9,139,221)	(6,895,225)	(4,913,557)	(843,353)	3,038,581

5. Expenses

5.1 ADMINISTRATION EXPENSES

	2024 \$	2023 \$
Salaries and wages	5,748,210	4,221,452
Depreciation / amortisation	321,804	290,944
Occupancy costs	204,668	115,370
Compliance and accounting	598,848	450,595
Travel	588,606	386,595
Other	1,386,280	642,905
TOTAL ADMINISTRATION EXPENSES	8,848,416	6,107,861

5.2 FINANCE COSTS

	2024 \$	2023 \$
Interest and finance charges payable	19,527	55,893
Interest from lease liabilities	14,599	18,320
TOTAL FINANCE COSTS	34,126	74,213

5.3 OTHER EXPENSES

	2024 \$	2023 \$
Net loss on foreign exchange	156,291	381,555
Share-based payment expenses (refer to note 22.4)	118,401	175,328
Other	214,607	105,897
TOTAL OTHER EXPENSES	489,299	662,780

6. Earnings

	2024 \$	2023 \$
Basic earnings per share (cents per share)	7.37	2.14
Diluted earnings per share (cents per share)	7.11	2.14

6.1 EARNINGS RECONCILIATION

	2024 \$	2023 \$
Net profit used for basic earnings	31,469,016	9,087,744

	2024	2023
Weighted average number of ordinary shares outstanding during the period used for the calculation of basic earnings per share	427,186,130	424,809,620
Adjustments for calculation of diluted earnings per share	15,312,755	18,689,466
Weighted average number of potential ordinary shares outstanding during the year used for calculation of diluted earnings per share	442,498,885	443,499,086

Diluted earnings per share is calculated after taking into consideration all options and any other securities that were on issue that remain unconverted at 30 June 2024 as potential ordinary shares, which may have a dilutive effect on the profit of the Group.

Ordinary shares issued to employees under the Atlas Pearls Ltd Employee Share and Incentive Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent that they are dilutive.

PART C - Tax

7. Tax

7.1 INCOME TAX EXPENSE

	2024 \$	2024 \$
(A) THE COMPONENTS OF TAX EXPENSE/(BENEFIT) COMPRISE:		
Current tax	3,721,646	474,957
Deferred tax	4,621,259	314,179
Prior period (over) provision	-	(162,994)
INCOME TAX EXPENSE	8,342,905	626,145
(B) DEFERRED INCOME TAX (REVENUE) EXPENSE INCLUDED IN INCOME TAX EXPENSE COMPRISES:		
Decrease/(increase) in deferred tax assets (excluding tax losses) (note 7.2)	128,040	56,997
(Decrease)/increase in deferred tax liabilities (note 7.2)	-	94,188
Decrease/(increase) in opening balances	4,493,219	162,994
DEFERRED TAX EXPENSE	4,621,259	314,179
(C) NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE:		
Profit before income tax expense	39,811,922	9,713,889
Tax at the Australian tax rate of 25% (30 June 2023: 25%)	9,952,980	2,428,471
Tax effect of amounts which are not deductible in calculating taxable income:		
Non-deductible expenses	82,961	64,642
Sundry items	996	(14,840)
Permanent differences	(27,998)	6,475
Difference in overseas tax rates	(78,787)	(64,767)
Income tax (over) provided in previous years	154,806	(162,994)
Capital losses included in current year and not recognised	59,896	-
Utilisation of tax losses	(1,801,949)	(1,630,842)
INCOME TAX EXPENSE	8,342,905	626,145
Weighted average effective tax rates	21%	6%
(D) DEFERRED INCOME TAX AT 30 JUNE RELATES TO THE FOLLOWING:		
Deferred tax liabilities		
Fair value adjustment on biological assets	(4,368,918)	(133,390)
Prepayments	(14,152)	5,189
Other	(48,056)	34,012
Unrealised foreign exchange gain	(62,093)	-
Deferred tax assets		
Difference in accounting and tax depreciation	(47,811)	(69,422)
Stock	(10,855)	(58,404)
Accruals	16,508	(25,685)
Provisions	(55,365)	86,144
Other	(30,518)	10,371
DEFERRED (INCOME)	(4,621,260)	(151,185)

7.2 TAX ASSETS AND LIABILITIES

	2024 \$	2024 \$
(A) LIABILITIES		
CURRENT		
Income tax payable	3,496,781	124,098
NON-CURRENT		
Deferred tax liabilities comprise of temporary differences attributable to:		
Agricultural and biological assets at fair value	6,208,304	1,839,386
Prepayments	19,123	4,971
Unrealised foreign exchange gains	62,093	-
Other	64,584	16,528
TOTAL DEFERRED TAX LIABILITIES	6,354,104	1,860,885
(B) ASSETS		
Deferred tax assets comprise of temporary differences attributable to:		
Agricultural and biological assets at fair value	23,505	34,360
Accruals	16,508	-
Provisions	574,494	629,859
Tax allowances relating property, plant and equipment	2,705	50,516
Other	51,859	82,376
	669,071	797,111
Previously recognised deferred tax assets	-	-
Tax losses recognised	-	-
TOTAL DEFERRED TAX ASSETS	669,071	797,111
(C) RECONCILIATIONS		
The overall movement in deferred tax account is as follows:		
Opening balance	(1,063,771)	(912,583)
(Charge) to statement of profit or loss and other comprehensive income	(4,621,260)	(314,179)
Decrease in opening balances	-	162,994
CLOSING BALANCE	(5,685,030)	(1,063,768)

MATERIAL JUDGEMENT

Deferred tax assets

Deferred tax assets and liabilities have been brought to account after considering the level of tax losses carried forward and available to the Group against future taxable profits and the probability within the future that taxable profits will be available against which the benefits of the deductible temporary difference can be claimed.

Losses can be carried forward indefinitely and have no expiry date, provided the loss recoupment test can be satisfied. The balance of losses available to the Group at 30 June 2024 is \$1,764,853 (30 June 2023: \$9,042,671).

PART D - Cash flow information

8. Cash and cash equivalents

	2024 \$	2023 \$
Cash at bank	17,623,315	7,845,286
BALANCES PER STATEMENT OF CASH FLOWS	17,623,315	7,845,286

Risk exposure

The Group's exposure to interest rate risk is disclosed in note 15. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

8.1 NOTES TO THE CASH FLOW STATEMENT

8.1.1 RECONCILIATION OF CASH

For the purposes of the statement of cash flows, and in line with the accounting policy, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term high liquid investments, with original maturity of three months or less that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of change in value, and bank overdrafts.

Cash at the end of the financial period as shown in the statement of cash-flows is reconciled to the related items in the statement of financial performance as noted above.

8.1.2 RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2024 \$	2023 \$
Profit after income tax	31,469,016	9,087,744
Depreciation / amortisation	321,804	290,944
Share-based payments expense	118,401	175,328
Foreign exchange loss / (gain) unrealised	283,101	(253,472)
Agricultural asset fair value (gains) / losses	(17,395,029)	(641,493)
Decrease/(increase) in trade and other receivables	(512,343)	(145,896)
Decrease/(increase) in inventories	(1,989,166)	(1,325,938)
(Decrease)/increase in trade and other payables	(257,178)	(1,252)
Increase/(decrease) in provision	613,317	15,570
Increase/(decrease) in taxes	8,005,775	1,248,457
NET CASH OBTAINED IN OPERATING ACTIVITIES	20,657,698	8,449,992

As at the date of this report the Company has not entered into any non-cash financing or investing activities.

8.1.3 CREDIT FACILITIES

As at 30 June 2024 the Company had in place a bank overdraft loan facility with the National Australia Bank with a limit of \$2.5M (30 June 2023: \$2.5M). As at 30 June 2024 no amount has been drawn down on this facility (30 June 2023: nil).

PART E - Working capital

9. Inventories

	2024 \$	2023 \$
Pearls	6,599,343	3,017,706
Jewellery	541,020	302,148
TOTAL INVENTORY	7,140,363	3,319,854
	No.	No.
NUMBER OF PEARLS ON HAND	224,141	100,174

SIGNIFICANT JUDGEMENT

Pearl and jewellery inventory is held at cost and value assessed based on the fair value of oyster stock at time of harvest. At each reporting date, pearl inventory is reviewed to ensure it is valued at the lower of cost and net realisable value. At 30 June 2024, nil write off of pearl stocks has been recorded (30 June 2023: nil).

Net realisable value: Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

10. Payables

	2024 \$	2023 \$
Current		
Trade payables	390,605	659,440
Provisions	3,590,969	2,971,185
Other payables and accrued expenses	178,977	97,934
TOTAL CURRENT PAYABLES	4,160,551	3,728,559
Non-Current		
Provisions ¹	38,720	45,186
TOTAL NON-CURRENT PAYABLES	38,720	45,186
TOTAL PAYABLES	4,199,271	3,773,745

Notes:

1. Non-current provisions comprise accrued long service leave for employees with more than five years of tenure with the Company.

PART F - Fixed assets and liabilities

11. Property, plant and equipment

	2024 \$	2023 \$
(A) NON-PEARLING ASSETS		
Plant and equipment		
- at cost	596,068	594,421
- accumulated depreciation	(516,890)	(503,130)
	79,178	91,291
Leasehold improvements		
- at cost	278,495	299,596
- accumulated depreciation	(251,776)	(262,169)
	26,719	37,427
Total non-pearling assets	105,897	128,718
Land (leasehold and freehold) and buildings		
- at cost	3,186,691	3,388,595
- accumulated depreciation	(987,807)	(971,274)
	2,198,884	2,417,321
Plant and equipment, vessels, vehicles		
- at cost	14,216,946	13,680,437
- accumulated depreciation	(9,459,641)	(9,297,746)
	4,757,305	4,382,691
Total pearling project	6,956,189	6,800,012
TOTAL PROPERTY, PLANT AND EQUIPMENT	7,062,086	6,928,730

Reconciliations of the carrying amount for each class of property, plant and equipment are set out below:

	2024 \$	2023 \$
(A) NON-PEARLING ASSETS		
Plant and equipment		
Carrying amount at beginning of the year	91,291	93,116
Additions	33,930	38,369
Reclassifications/disposals	(14,164)	(3,552)
Depreciation	(24,885)	(38,637)
Foreign exchange movement	(6,994)	1,995
Carrying amount at end of the year	79,178	91,291
Leasehold Improvements		
Carrying amount at beginning of the year	37,426	57,675
Additions	-	-
Reclassifications/disposals	-	-
Depreciation	(7,915)	(21,235)
Foreign exchange movement	(2,792)	987
Carrying amount at end of the year	26,719	37,427
Total non-pearling assets	105,897	128,718

	2024 \$	2024 \$
(B) PEARLING PROJECT		
Leasehold land and buildings		
Carrying amount at beginning of the year	2,417,321	1,698,651
Additions	956,102	1,640,577
Reclassifications/disposals	(865,883)	(840,576)
Depreciation	(100,265)	(129,835)
Foreign exchange movement	(208,391)	48,504
Carrying amount at end of the year	2,198,884	2,417,321
Plant and equipment, vessels, and vehicle		
Carrying amount at beginning of the year	4,382,691	4,056,439
Additions	861,143	476,365
Reclassifications/disposals	865,883	840,576
Depreciation	(974,591)	(1,106,516)
Foreign exchange movement	(377,821)	115,827
Carrying amount at end of the year	4,757,305	4,382,691
Total pearling project assets	6,956,189	6,800,012
TOTAL CARRYING AMOUNT – PROPERTY, PLANT AND EQUIPMENT	7,062,086	6,928,730

Reconciliation of depreciation to the Statement of Profit or Loss and Other Comprehensive Income:

	2024 \$	2024 \$
Depreciation charge	1,107,656	1,296,223
Capitalised depreciation charge	(772,970)	(1,061,607)
Depreciation of property, plant and equipment (PPE)	334,686	234,616
Amortisation of intangible asset	-	-
Amortisation of Right-of-Use Asset	(12,882)	56,328
Depreciation / amortisation charge (Note 5)	321,804	290,944

MATERIAL ESTIMATE

Depreciation on property, plant and equipment is calculated on a straight-line basis so as to write off the cost or valuation of property, plant and equipment over their estimated useful lives, commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are unchanged: Freehold Buildings (5-10%), Leasehold Land and Buildings improvements (5-10%), Vessels (10%), and Plant and Equipment (10-50%). Depreciation on property, plant and equipment which are directly related to Biological Assets are capitalised to the carrying amount of Biological Assets.

The estimations of useful lives, residual values and depreciation methods require significant management judgements and are regularly reviewed. If they need to be modified, the depreciation and amortisation expense is accounted for prospectively from the date of the assessment until the end of the revised useful life (for both the current and future years).

Construction in Progress

Included in pearling project land (leasehold and freehold) and buildings is \$1,027,605 (30 June 2023: \$1,073,298) which represents construction of buildings in progress at cost. These expenses will be capitalised within property, plant and equipment when a project is completed.

PART G - Funding, capital management and equity

12. Contributed equity

	2024 No.	2023 No.	2024 \$	2023 \$
Issued and fully paid-up capital	433,622,379	427,871,758	37,241,851	36,857,415
Ordinary shares				
Balance at beginning of year	427,871,758	427,871,758	36,857,415	36,857,415
Shares issued	5,750,621	-	384,436	-
Balance at end of year	433,622,379	427,871,758	37,241,851	36,857,415
Treasury shares				
Balance at beginning of year	3,062,138	3,062,138	-	-
Shares released	-	-	-	-
Balance at end of year	3,062,138	3,062,138	-	-

Treasury shares are shares in Atlas Pearls that are held by the Atlas Pearls Ltd Executive Share Plan Trust for the purpose of issuing shares under the Atlas South Sea Pearl Employee share plan. No treasury shares were issued during the financial year ended 30 June 2024 (30 June 2023: nil).

(i) RIGHTS

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders (where applicable) and creditors, and are fully entitled to any proceeds of liquidation in proportion to the number of shares held.

(ii) OPTIONS

There are 14,643,644 unlisted options on issue at 30 June 2024 (2023: 17,808,068). Information relating to the Atlas Pearls Ltd Employee Share and Incentive Plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at the end of the reporting period are set out in note 22.

(iii) CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Group has a net gearing ratio of nil at 30 June 2024 (30 June 2023: nil)

The Group has no external requirements imposed upon it in relation to capital structure.

13. Reserves

	2024 \$	2023 \$
Foreign currency translation reserve	(11,627,182)	(9,088,702)
Employee share reserve	1,283,242	1,164,841
Revaluation reserve	179,179	179,179
Total reserves	(10,164,761)	(7,744,682)
Movements:		
Foreign currency translation reserve ¹		
Balance at beginning of year	(9,088,702)	(9,534,846)
Currency translation differences arising during the year	(2,538,480)	446,144
Balance at end of year	(11,627,182)	(9,088,702)
Employee share reserve ²		
Balance at beginning of year	1,164,841	989,514
Movement in employee share reserve	118,401	175,327
Balance at end of year	1,283,242	1,164,841
Revaluation reserve ³		
Balance at beginning of year	179,179	179,179
Balance at end of year	179,179	179,179

Notes:

1. The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries to the reporting currency.
2. The employee share reserve records the value of equity portion of remuneration paid to employees in the form of shares or other equity instruments.
3. The revaluation reserve records the value of increase in the carrying value of assets as a result of revaluation.

14. Dividends

14.1 DIVIDEND FRANKING ACCOUNT

	2024 \$	2023 \$
Dividend franking account		
Franking credits available to shareholders of the Company for subsequent financial years based on a tax rate of 25%	-	1,305,572

The above amounts represent the balance of the franking account as at the end of the financial period adjusted for:

- (i) Franking credits that will arise from the payment of the amount of the provision for income tax;
- (ii) Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- (iii) Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

14.2 DIVIDENDS PAID

Dividends paid during the financial year were as follows:

	2024 \$	2023 \$
Special dividend of 0.35 cents per ordinary share paid on 26 September 2023	1,497,552	-
Special dividend of 1.5 cents per ordinary share paid on 22 March 2024	6,504,336	-
	8,001,888	-

On 29 of August 2024 the Directors declared a final dividend for the year ended 30 June 2024 of 1 cent per ordinary share to be paid on the 27th of September 2024, a total estimated distribution of \$4,366,685 based on the number of shares on issue as at 30 June 2024. As the dividend was fully franked, there are no income tax consequences for the owners of Atlas Pearls Ltd relating to this dividend.

PART H - Risk management

15. Risk management

15.1 FINANCIAL RISK

(I) FINANCIAL RISK

The Group's activities expose it to a variety of financial risks (including currency risk, interest rate risk, and price risk), credit risk, and liquidity risk. The Group uses sensitivity analysis in the case of interest rate and foreign exchange risks, and ageing analysis for credit risk. Risk management is carried out by the Board of Directors and senior management.

The Group holds the following financial instruments:

	2024 \$	2023 \$
Financial assets		
Cash and cash equivalents	17,623,315	7,845,286
Trade and other receivables	870,517	300,619
TOTAL FINANCIAL ASSETS	18,493,832	8,145,905
Financial liabilities		
Trade and other payables	390,605	706,253
Lease liabilities	287,432	223,131
TOTAL FINANCIAL LIABILITIES	678,037	929,384

(ii) FOREIGN EXCHANGE RISK

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Japanese Yen (JPY), Indonesian Rupiah (IDR) and US Dollar (USD). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities denominated in a currency that is not the entity's functional currency, and net investments in foreign operations. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group manages their foreign exchange risk against their functional currency. Group companies review exposure on a regular basis and will undertake hedging, if deemed appropriate, under guidance of the Board of Directors. The majority of the Group's cash reserves are held in Australian banks with AAA ratings.

GROUP SENSITIVITY ANALYSIS

Sensitivity analysis is based on exchange rates in USD and JPY increasing or decreasing by 10% and the effect on profit and equity.

	Statement of financial position amount AUD		Foreign exchange rate risk									
			30 June 2024				30 June 2023					
			-10%		10%		-10%		10%			
			2024	2023	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
Financial assets												
Cash		7,845,286	1,157,754	-	(947,253)	-	622,701	-	(509,483)	-		
Trade and other receivables	870,518	300,619	38,753	-	(31,707)	-	1,857	-	(1,519)	-		
Financial liabilities												
Trade and other payables	390,605	706,253	3,029	-	(2,479)	-	(2,820)	-	2,307	-		
Total Increase/(Decrease)				-	(981,439)	-	621,738	-	(508,695)	-		

Trade debtors relate to sales made in JPY and USD. Not shown in the table above is the exposure to exchange movements on the inter-company loans made to the Indonesian subsidiaries. The loans are held in IDR and revalued to AUD at each year end. The loan balance as at 30 June 2024 was \$2,175,342 (30 June 2023: \$3,690,050). The inter-company loans are eliminated on consolidation.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
JPY	4,075,752	2,934,509	20,493	25,382
USD	6,740,568	3,025,845	-	-
	10,816,320	5,960,354	20,493	25,382

(iii) PRICE RISK

The Group is exposed to fluctuations in pearl prices, both increases and decreases. This product is not traded as a commodity on an open market and as such the price risk cannot be hedged.

15.2 CREDIT RISK

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments, as well as credit exposures to customers, including outstanding receivables. The Group considers the credit quality of the customer, taking into account its financial position, past experience, and other factors. Sales to retail customers are required to be settled in cash or using major credit cards, thus mitigating credit risk.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised below.

All cash balances held at banks are held at internationally recognised institutions. The Australian Government has guaranteed all deposits held with Australian banks; cash held in Indonesia is not covered by this guarantee. Cash balances held in Australia are held with financial institutions with a AA- credit rating. Cash balances held in Indonesia are held with financial institution with an BBB- credit rating. The majority of other receivables held are with related parties and within the Group. Given this, the credit quality of financial assets that are neither past due or impaired can be assessed by reference to historical information about default rates.

Impairment of financial assets

The Group holds trade receivables that are subject to the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies the AASB 9 simplified approach to measuring the expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. The expected credit losses have been grouped based on shared credit risk characteristics and the days past due.

The assessment for expected credit losses requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, and forward-looking information that is available. The allowance for expected credit losses is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Major purchases are invoiced as cash on delivery (COD). Smaller accounts are provided 30-day credit terms and are usually paid by their due date.

On that basis, the loss allowance as at 30 June 2024 and 30 June 2023 was determined to be nil.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

	2024 \$	2023 \$
TRADE RECEIVABLES		
Existing customers with no previous defaults	441,717	31,265

15.3 LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Management aims at maintaining flexibility in funding by keeping committed credit lines available. Surplus funds are generally only invested in instruments such as on-call deposits that are highly liquid. Management monitors rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents (Note 8) on the basis of expected cash flows. This is generally carried out by the Senior Management and the Board of Directors on a Group basis. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, and monitoring debt financing plans.

15.4 FINANCING ARRANGEMENTS

The Group had access to the following financing arrangements at the reporting date:

	2024 \$	2023 \$
Overdraft facility (NAB)	2,500,000	2,500,000
	2,500,000	2,500,000

The overdraft facility with the National Australia Bank (NAB) is secured by a registered company charge over the Company's assets. As at 30 June 2024 no amount has been drawn down on this facility (30 June 2023: nil).

15.5 MATURITIES OF FINANCIAL LIABILITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

The table below analyses the Group's financial liabilities, net and gross settled derivative financial instruments, into relevant maturity groupings based on their remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	30 June 2024						30 June 2023					
	Less than 6 months	6 - 12 months	Between 1 and 2 Years	Between 2 and 5 Years	Total contractual cash flows	Carrying amount (asset)/liabilities	Less than 6 months	6 - 12 months	Between 1 and 2 Years	Between 2 and 5 Years	Total contractual cash flows	Carrying amount (asset)/liabilities
Consolidated entity	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Non-derivatives												
Trade payables	390,605	-	-	-	-	390,605	706,253	-	-	-	706,253	706,253
Lease liabilities	29,148	40,850	68,383	149,051	287,432	287,432	30,553	33,021	69,878	89,680	223,132	223,132
TOTAL NON-DERIVATIVES	419,753	40,850	68,383	149,051	287,432	678,037	736,806	33,021	69,878	89,680	929,385	929,385

(A) FAIR VALUE HIERARCHY

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- inputs for the asset/liability that are not based on observable market data (unobservable inputs) (level 3).

(B) VALUATION TECHNIQUES USED TO DERIVE LEVEL 2 AND LEVEL 3 FAIR VALUES

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data, where it is available, and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The Group is exposed to financial risk in respect of its involvement in primary production, which consists of breeding and rearing of oysters for the purpose of producing pearls. The primary financial risk associated with this activity occurs due to the length of time between expenditure of cash in relation to the operation of the farm and the harvesting of the pearls, and realisation of cash receipts from sales to third parties. The Group ensures that it maintains sufficient working capital to ensure that it can sustain its operation through any delays in cash flow that may be reasonably foreseen.

Level 3 analysis: The finance and operations departments undertake the valuation of the oysters. The calculations are considered to be level 3 fair values. The data is taken from internal management reporting and work completed by the executive within the respective field teams to determine the material inputs in the model. The key production inputs are confirmed with the relevant executives and agreed with the Board of Directors every six months. These are listed in point (C) below.

(i) Transfers between levels 2 and 3 and changes in valuation techniques
There were no transfers between the levels of the fair value hierarchy in the period ended 30 June 2024 or 30 June 2023.

(C) FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)

The following table presents the changes in level 3 instruments for the period ended 30 June 2024:

	2024 \$	2023 \$
Changes in fair value of oyster stock		
Opening balances 30 June 2023	20,256,722	17,647,227
Due to new stock	3,818,335	2,868,438
Due to mortalities	(3,979,979)	(3,988,080)
Due to ageing	9,374,353	5,248,493
Due to harvests	(8,877,180)	(5,935,534)
Due to price changes	15,228,158	4,416,178
CLOSING BALANCE AT 30 JUNE 2024	35,820,409	20,256,722

The key assumptions utilised to determine the fair market value of oysters are detailed in note 4.1.

PART I - Unrecognised items

16. Events occurring after the reporting period

On 29 August 2024, the Company declared a final fully franked special dividend of 1.0 cent per share. The total value of the payment is \$4.4M. The record date is 13 September 2024, with a payment date of 27 September 2024.

Since the end of the reporting period, the Company has issued 3,016,080 shares upon exercise of options issued under the Atlas Pearls Ltd Employee Share and Incentive Plan.

Other than the matters disclosed above, there have been no other significant events after the balance date which require disclosure.

17. Commitments

As of 30 June 2024, Atlas Pearls had no material commitments that require disclosure in this section.

18. Contingencies

The Company's historical tax affairs are regularly subject to audit by the Indonesian Tax Office and this process remains ongoing. There is a possibility that this review program may result in future tax liabilities in relation to prior year tax returns. All assessments received to date have been brought to account.

PART J - Other

19. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 24.2.

Name of entity	Class of shares	Percentage owned		Place of incorporation
		30 June 2024	30 June 2023	
Perl'Eco Pty Ltd	Ord	100%	100%	Australia
Tansim Pty Ltd	Ord	100%	100%	Australia
Atlas Pearls Employee Share Plan Pty Ltd	Ord	100%	100%	Australia
P.T. Cendana Indopearls	Ord	100%	100%	Indonesia
P.T Disthi Mutiara Suci	Ord	100%	100%	Indonesia
P.T Cahaya Bali	Ord	100%	100%	Indonesia

The ultimate parent entity, Atlas Pearls Ltd, is incorporated in Australia.

20. Related party transactions

(A) SUBSIDIARIES

Interests in subsidiaries are set out in note 19.

(B) KEY MANAGEMENT PERSONNEL

Detailed remuneration disclosures are provided in section 14.2 of the Directors Report.

	2024 \$	2023 \$
Short-term employment benefits	861,729	932,665
Long-term employment benefits	(1,677)	(8,564)
Post-employment benefits	78,102	65,119
Share-based compensation	76,511	38,353
	1,014,665	1,027,573

(C) TRANSACTIONS WITH OTHER RELATED PARTIES

	2024 \$	2023 \$
Director fees payable ¹	6,013	1,706
Office lease expenses ²	14,000	-
Expatriate medical insurance expenses ³	-	11,123
	20,013	12,829

¹ Non-Executive Director Cadell Buss.

² Office sub lease expenses from CSO Limited, a company Michael Ricci is also a Director of.

³ Expatriate medical insurance expenses relating to the spouse of Mark Longhurst, KMP until 31 December 2022.

(D) LOANS FROM RELATED PARTIES

Note 15.5 for detailed disclosures on financing arrangements.

	2024 \$	2023 \$
Beginning of the year	-	1,125,000
Principal repayments	-	(1,125,000)
Interest charged	-	21,267
Interest paid	-	(21,267)
END OF YEAR	-	-

On 27 August 2020, the Group entered into a \$4.5M loan agreement with Boneyard Investments Pty Ltd (Boneyard) of which Director, Tim Martin, is a related party. The loan was repaid in full on 30 September 2022.

(E) CONTINGENT LIABILITIES RELATING TO JOINT VENTURES

There were no contingent liabilities relating to Joint Ventures during the year.

21. Parent entity financial information

(A) SUMMARY FINANCIAL INFORMATION

The individual financial statements for the parent entity show the following aggregate amounts:

	2024 \$	2023 \$
Statement of financial position		
Current assets	18,086,815	7,443,642
Total assets	31,182,593	21,574,054
Current liabilities	4,007,726	3,372,330
Total liabilities	10,488,493	5,381,275
Net assets	20,694,100	16,192,779
Shareholders' equity		
Issued capital	37,241,855	36,857,417
Share-based payment reserve	1,283,242	1,164,842
Accumulated losses	(17,830,997)	(21,829,480)
Total equity	20,694,100	16,192,779
PROFIT FOR THE YEAR	10,909,914	5,547,233
TOTAL COMPREHENSIVE PROFIT	10,909,914	5,547,233

(B) CONTINGENT LIABILITIES

The parent entity did not have any contingent liabilities as at 30 June 2024 (30 June 2023: nil). The parent entity did not provide financial guarantees during the year (30 June 2023: nil).

22. Share-based payments and options

22.1 EMPLOYEE SHARE PLAN

At the Extraordinary General Meeting on 29 April 2022 it was resolved by the shareholders to approve the Atlas Pearls Ltd Employee Share and Incentive Plan (Plan). The Board adopted the Plan under which eligible participants may be granted options to acquire shares in the Company. The Directors consider that the Plan is an appropriate method to:

- Reward Directors, Executives, and employees for their past performance
- Provide long-term incentives for participation in the Company's future growth
- Motivate Directors, Executives, employees, and generate loyalty; and
- Assist to retain the services of valued Directors, Executives, and employees

The Plan will be used as part of the remuneration planning for Directors, Executives and employees. Under the Plan, participants are granted options which can only vest if specific performance hurdles are met. Participation in the Plan is at the Board's discretion and no individual has a contractual right to participate in the Plan or receive any guaranteed benefits.

The Corporate Governance Council Guidelines recommend that remuneration packages involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the Company's circumstance and goals. The Board considers that the Plan will assist the Company in structuring the remuneration packages of its Executives in accordance with the guidelines.

An option which has not vested will immediately lapse upon the first to occur of:

- i The expiry of the option period;
- ii If an eligible person's employment or engagement with the Company ceases because of an uncontrollable event, six months (or such other period as the Board will in its absolute discretion determine) from the date on which the eligible person ceased that employment or engagement
- iii. If an eligible Person's employment or engagement with the Company ceases because of a controllable event, the last day of any period specified in clause 25(b), subject to clause 25(a).

22.2 OPTIONS ON ISSUE

The Group has the following equity compensation arrangements to remunerate Directors, Executives and employees of the Group;

9,367,448 Options granted to employees (ESOP)

	ESOP		
	Tranche 1	Tranche 2	Tranche 3
Grant date	27 May 2022	27 May 2022	27 May 2022
Vesting date	30 June 2022	30 June 2023	30 June 2024
Expiry date	30 September 2024	30 September 2024	30 September 2024
Options issued	2,796,311	4,194,474	9,214,878
Exercise price	\$0.065	\$0.070	\$0.075
Remaining at 30 June 2024	685,400	1,635,375	7,046,673

1,276,196 Options granted to Atlas Pearls' Chairman, Geoff Newman (Chairman)

	Chairman		
	Tranche 1	Tranche 2	Tranche 3
Grant date	29 April 2022	29 April 2022	29 April 2022
Vesting date	30 June 2022	30 June 2023	30 June 2024
Expiry date	30 September 2024	30 September 2024	30 September 2024
Options issued	510,478	765,718	1,276,196
Exercise price	\$0.065	\$0.070	\$0.075
Remaining at 30 June 2024	-	-	1,276,196

4,000,000 Options granted to Atlas Pearls' Chief Executive Officer, Michael Ricci (CEO)

	CEO		
	Tranche 1	Tranche 2	Tranche 3
Grant date	15 November 2023	15 November 2023	15 November 2023
Vesting date	30 June 2024	30 June 2025	30 June 2026
Expiry date	30 September 2026	30 September 2026	30 September 2026
Options issued	800,000	1,200,000	2,000,000
Exercise price	\$0.085	\$0.091	\$0.097
Remaining at 30 June 2024	800,000	1,200,000	2,000,000

22.3 MEASUREMENT OF FAIR VALUE

The fair value at grant date is independently determined using a Hoadley Trading and Investment valuation model, which takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, and the risk-free interest rate for the term of the option.

	ESOP			Chairman	CEO		
	Tranche 1	Tranche 2	Tranche 3	Tranche 3	Tranche 1	Tranche 2	Tranche 3
Fair value at grant date	\$0.0176	\$0.0180	\$0.0184	\$0.0222	\$0.0350	\$0.0360	\$0.0370
Share price at grant date	\$0.042	\$0.042	\$0.042	\$0.047	\$0.075	\$0.075	\$0.075
Exercise price	\$0.065	\$0.070	\$0.075	\$0.075	\$0.085	\$0.091	\$0.097
Expected future volatility	100%	100%	100%	100%	85%	85%	85%
Risk free rate	2.53%	2.53%	2.53%	2.45%	4.17%	4.17%	4.17%
Dividend yield	Nil	Nil	Nil	Nil	Nil	Nil	Nil

22.4 OPTIONS REMAINING AT YEAR-END

The following options remain outstanding at year-end.

	ESOP	Chairman	CEO	TOTAL
Balance at 30 June 2023	15,255,676	2,552,392	-	17,808,068
Granted during the period	-	-	4,000,000	4,000,000
Exercised during the period	(4,474,425)	(1,276,196)	-	(5,750,621)
Forfeited during the period	(1,413,803)	-	-	(1,413,803)
BALANCE AT 30 JUNE 2024	9,367,448	1,276,196	4,000,000	14,643,644

The following share-based payment expenses were recognised to profit and loss:

	2024	2023
ESOP Options	43,104	148,084
Chairman Options	13,076	27,244
CEO Options	62,221	-
TOTAL SHARED-BASED PAYMENT EXPENSES	118,401	175,328

The share-based payment expenses arising from the salary sacrifice share plan is nil, as the plan does not give additional benefit to the employees, as shares are issued in lieu of cash salary and cash bonus. The value of the shares originally issued to the trust is at the value sacrificed by the employee under the plan.

MATERIAL ACCOUNTING POLICY

The fair value of shares granted under the Employee Share and Incentive Plan is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at the date that the employee enters into the plan and is recognised over the period during which the employee becomes unconditionally entitled to the shares.

23. Remuneration of Auditors

During the period, the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices, and non-related audit firms:

	2024 \$	2023 \$
BDO Australian firm		
Audit and review of financial reports	134,370	119,710
ESG consulting services	-	16,995
BDO Indonesian firm		
Audit and review of financial reports	47,577	49,377
TOTAL REMUNERATION FOR AUDIT SERVICES	181,947	169,087
TOTAL REMUNERATION FOR OTHER SERVICES	-	16,995

During the period BDO Audit Pty Ltd was appointed as auditor of the Company following the resignation of BDO Audit (WA) Pty Ltd. The change of auditor arose as a result of BDO Audit (WA) Pty Ltd restructuring its audit practice, whereby audits will be conducted by BDO Audit Pty Ltd, an authorised audit company, rather than BDO Audit (WA) Pty Ltd.

24. Accounting policies

24.1 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 July 2023:

- AASB 2023-2 Amendments to Australian Accounting Standards – Definition of Accounting Estimates International Tax Reform Pillar Two Model Rules [AASB 112].
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction [AASB 112]
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies Definition of Accounting Estimates [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2].

The group also elected to adopt the following amendments early:

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current [AASB 101], and
- AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants [AASB 101 and AASB Practice Statement 2].

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

24.2 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Atlas Pearls as at 30 June 2024, and the results of its subsidiaries for the period then ended. Atlas Pearls and its subsidiaries together are referred to in this financial statement as the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of business combinations by the Group. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

The interest in a joint venture entity is accounted for using the equity method after initially being recognised at cost in the consolidated statement of financial position. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the

Group's share of movements in other comprehensive income of the investee in other comprehensive income. When the Group's share of losses in an equity-accounted investment equals or exceeds

its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to the owners.

24.3 FOREIGN CURRENCY TRANSLATION

(A) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the subsidiaries within the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is Atlas Pearls' functional and presentation currency.

(B) TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and other comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges, or are attributable to part of the net investment in a foreign operation.

Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary assets and liabilities, such as equities held at fair value through profit or loss, are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary assets, such as equities classified as available for sale financial assets, are included in the fair value reserve in equity.

All foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income within other income or other expenses, unless they relate to financial instruments.

(C) GROUP COMPANIES

The results and financial position of all Group entities (none of which has the currency of a hyperinflation economy), that have a functional currency different from the presentation currency, are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position,
- Income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates, and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings are repaid, a proportional share of such exchange differences are recognised in the statement of profit or loss and other comprehensive income as part of the gain or loss on sale.

24.4 COMPARATIVE FIGURES

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

24.5 FINANCIAL INSTRUMENTS

CLASSIFICATION AND MEASUREMENT

Except for certain trade receivables the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under AASB 9 financial assets are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: The Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The new classification and measurement of the Group's financial assets are, as follows:

Debt instruments at amortised cost, for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the 'SPPI criterion'. This category includes the Group's trade and other receivables and long-term loan receivable.

IMPAIRMENT

The Group assesses, on a forward-looking basis, the expected credit losses (ECLs) associated with its debt instruments carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The loss allowance calculated for 30 June 2024 is \$nil due to past history with customers who have never previously defaulted on amounts due.

For other debt financial assets, including long-term loan receivables, the ECL is based on either the 12-month or lifetime ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. When there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. In all cases, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

24.6 INCOME TAX

The income tax expense or benefit for the period is the tax payable on the current period's taxable income, based on the applicable tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled. Deferred tax is credited in the consolidated statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses, only to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities have been brought to account after considering the level of tax losses carried forward and available to the Group against future taxable profits, and the probability within the future that taxable profits will be available against which the benefits of the deductible temporary difference can be claimed.

Consolidated Entity Disclosure Statement as at 30 June 2024

Entity Name	Entity Type	Body Corporates		Tax Residency	
		Place Formed or Incorporated	% of Share Capital Held	Australian or Foreign	Foreign Jurisdiction
Atlas Pearls Ltd	Body Corporate	Australia	100%	Australian	N/A
Perl'Eco Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Tansim Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Atlas Pearls Employee Share Plan Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
P.T. Cendana Indopearls	Body Corporate	Indonesia	100%	Foreign	Indonesia
P.T. Disthi Mutiara Suci	Body Corporate	Indonesia	100%	Foreign	Indonesia
P.T. Cahaya Bali	Body Corporate	Indonesia	100%	Foreign	Indonesia

Directors' Declaration

The Directors of the Company declare that:

- a) the financial statements comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes are in accordance with the Corporations Act 2001 and:
 - I. give a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of the performance for the year ended on that date; and
 - II. comply with Accounting Standards, and the Corporations Act 2001 and other mandatory professional reporting requirements.
- b) the Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
- c) the Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A. In the Directors opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- d) the remuneration disclosures included in the Directors' Report (as part of the audited remuneration report) for the year ended 30 June 2024 comply with section 300A of the Corporations Act 2001.
- e) The consolidated entity disclosure statement on page 60 is true and correct.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Geoff Newman
Chairman - 29 August 2024

Additional ASX Information

The following additional information is required by the Australian Securities Exchange. The information is current as at 16 August 2024.

(A) DISTRIBUTION SCHEDULE AND NUMBER OF HOLDERS OF EQUITY SECURITIES AS AT 16 AUGUST 2024

	1 – 1,000	1,001 – 5,000	5,001 – 10,000	10,001 – 100,000	100,001 – and over	Total
Ordinary Fully Paid Shares	144	428	335	895	389	2,191
Unlisted options: 6.5 cents, exp 30/09/2024	-	-	-	6	2	8
Unlisted options: 7.0 cents, exp 30/09/2024	-	-	-	2	8	10
Unlisted options: 7.5 cents, exp 30/09/2024	-	-	-	-	23	23
Unlisted options: 8.5 cents, exp 30/09/2026	-	-	-	-	1	1
Unlisted options: 9.1 cents, exp 30/09/2026	-	-	-	-	1	1
Unlisted options: 9.7 cents, exp 30/09/2026	-	-	-	-	1	1

The number of holders holding less than a marketable parcel of fully paid ordinary shares as at 16 August 2024 is 574.

(B) 20 LARGEST HOLDERS OF QUOTED EQUITY SECURITIES AS AT 16 AUGUST 2024

The names of the twenty largest holders of fully paid ordinary shares (ASX: ATP) as at 16 August 2024 are:

Rank	Name	Shares	% of shares
1.	Boneyard Investments Pty Ltd	54,907,327	12.58
2.	HSBC Custody Nominees (Australia) Limited	28,718,315	6.47
3.	Chemco Superannuation Fund Pty Ltd <Chemco Super Fund No 2 A/C>	28,248,936	6.04
4.	Citicorp Nominees Pty Limited	26,370,155	4.09
5.	Jingie Investments Pty Ltd	17,880,240	3.39
6.	ABERMAC Pty Ltd	14,800,000	1.83
7.	Morckstow Pty Ltd	8,000,000	1.83
8.	Westwood Properties Pty Ltd	8,000,000	1.60
9.	Mr Wesley Rutherford + Mrs Sian Rutherford <RUTHERFORD FAMILY S/F A/C>	7,000,000	1.18
10.	Mr Tingyao Xu	5,160,000	1.17
11.	BNP Paribas Nominees Pty Ltd <IB AU Noms Retail Client>	5,090,563	1.03
12.	Mr Cameron Beavis <The Schindler S/F A/C>	4,500,000	1.01
13.	Gee Enn Pty Ltd <Geryl SD A/C>	4,399,546	0.81
14.	Queensridge Investments Pty Ltd <Gleeson Super Fund A/C>	3,549,072	0.81
15.	Mr Timothy James Martin	3,540,883	0.78
16.	BNP Paribas Nominees Pty Ltd	3,397,385	0.78
17.	Ten Talents (2020) Limited <Five Talents A/C>	3,390,000	0.77
18.	Ms Jennifer Michelle Roughan	3,360,000	0.70
19.	Mr Pawel Rej + Mrs Miroslawa Rej	3,078,000	0.69
20.	Dorran Pty Ltd	3,000,000	0.64
	Total	236,930,422	54.14

Stock Exchange Listing – Listing has been granted for 436,638,459 ordinary fully paid shares of the Company on issue on the Australian Securities Exchange.

(C) SUBSTANTIAL SHAREHOLDERS IN ATLAS PEARLS LTD AND THE NUMBER OF EQUITY SECURITIES OVER WHICH THE SUBSTANTIAL SHAREHOLDER HAS A RELEVANT INTEREST AS DISCLOSED IN SUBSTANTIAL HOLDING NOTICES PROVIDED TO THE COMPANY ARE LISTED BELOW;

Name	Shares	% Voting Power	Date of Notice
Boneyard Investments Pty Ltd and Associates *	108,535,667	25.09%	21 February 2024

*Includes shares held by Boneyard Investments Pty Ltd, Chemco Superannuation Fund Pty Ltd, Jingie Investments Pty Ltd, T. Martin, TJM SF Pty Ltd, and J. Roughan and B. Martin.

(D) UNQUOTED SECURITIES

The number of unquoted securities on issue as at 16 August 2024;

Security	Number on issue
Unlisted options exercisable at 6.5 cents on or before 30 September 24	685,400
Unlisted options exercisable at 7.0 cents on or before 30 September 24	1,635,375
Unlisted options exercisable at 7.5 cents on or before 30 September 24	8,322,869
Unlisted options exercisable at 8.5 cents on or before 30 September 26	800,000
Unlisted options exercisable at 9.1 cents on or before 30 September 26	1,200,000
Unlisted options exercisable at 9.7 cents on or before 30 September 26	2,000,000

(E) HOLDER DETAILS OF UNQUOTED SECURITIES

All unquoted securities were issued under an employee incentive scheme. Therefore, no disclosure is required in relation to people that hold more than 20% of a given class of unquoted securities as at 16 August 2024.

(F) RESTRICTED SECURITIES AS AT 16 AUGUST 2024

There were no restricted securities on issue as at 16 August 2024.

(G) VOTING RIGHTS

All fully paid ordinary shares carry one vote per ordinary share without restriction.

(H) ON-MARKET BUY-BACK

The Company is not currently performing an on-market buy-back.

(I) CORPORATE GOVERNANCE

The Board of Atlas Pearls Ltd is committed to achieving and demonstrating the highest standards of Corporate Governance. The Board is responsible to its shareholders for the performance of the Company and seeks to communicate extensively with Shareholders. The Board believes that sound Corporate Governance practices will assist in the creation of Shareholder wealth and provide accountability. In accordance with ASX Listing Rule 4.10.3, the Company has elected to disclose its Corporate Governance policies and its compliance with them on its website rather than in the Annual Report. Accordingly, information about the Company's Corporate Governance practices is set out on the Company's website at <https://www.atlaspearls.com.au/pages/corporate-governance>



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INDEPENDENT AUDITOR'S REPORT

To the members of Atlas Pearls Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Atlas Pearls Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

Accounting for Biological Assets

Key audit matter	How the matter was addressed in our audit
<p>The Group's biological assets, as disclosed in Note 4 to the financial report, was a key audit matter as the calculation of the fair value of the oysters requires significant estimates and judgements by management.</p> <p>The Australian Accounting Standards require biological assets to be measured at fair value less costs to sell or, in the absence of a fair value, at cost less impairment.</p> <p>The Group have valued the biological assets at fair value less costs to sell. The valuation requires management's judgement in relation to estimating the average selling price, pearl quality scenarios, discount rate, mortalities, average unseeded oyster value, costs to complete and sell.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Considering the appropriateness of the valuation methodology against the relevant Australian Accounting Standards; • In conjunction with our valuation specialist, reviewing appropriateness of the valuation methodology, along with the accuracy and integrity of management's fair value model and the discount rate used by management; • Attending the physical stocktake procedures and verifying a sample of oysters on hand at reporting date and agreeing this to the fair value model; • Assessing the key inputs contained within the fair value model, including the average selling price, pearl quality scenarios, discount rate, mortalities, average unseeded oyster value, costs to complete and sell; and • Evaluating the adequacy of the related disclosure in Note 4 to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 34 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Atlas Pearls Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.



Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'J Prue', is written over the printed name.

Jarrad Prue

Director

Perth, 29 August 2024

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NORTH BALI, Penyabangan

FLORES, Labuan Bajo, Pungu Island

EAST NUSA TENGGARA, West Lembata

EAST NUSA TENGGARA, Lembata Bay

EAST NUSA TENGGARA, Alor Bay

RAJA AMPAT, Alyui Bay

EAST NUSA TENGGARA, Sumba